



# NEPAL TOURISM MASTER PLAN



**HIS MAJESTY'S GOVERNMENT OF NEPAL**  
**DEPARTMENT OF TOURISM**  
**MINISTRY OF COMMERCE AND INDUSTRY**



# **NEPAL TOURISM MASTER PLAN**

December 1972



## FORWORD

Tourism is an inter-disciplinary activity. Its steady growth depends largely on the co-ordinated efforts of all those public and private agencies that have a direct or indirect bearing on it. To achieve this much-needed and eminently desirable co-ordination it has long since been felt on all hands that the formulation and implementation of a Master Plan for the development of tourism, based on a global rather than sectoral approach, would be the finest policy guideline and executive tool to help the decision-makers at all levels.

It was with this end in view that, while constituting the present Nepal Tourism Development Committee, His late Majesty King Mahendra Bir Bikram Shah Deva charged it, among other things, with the task of drawing up a Master Plan for tourism development in Nepal in a ten-year perspective. The present document is a follow-up of that Royal directive.

This Plan, the result of an in-depth study of all aspects of tourism and extensive on-site surveys spells out very clearly the plan objectives and plan strategy. The development plan and the action programmes framed under it are closely dove-tailed into the national development plan. As, phase by phase, the Master Plan is implemented, it will, I believe, generate new and healthy impulses in the national economy and will thus contribute in no small measure to the success of the present decade, which has been designated the economic development decade.



For this reason I wish to avail myself of this opportunity to express on behalf of the Nepal Tourism Development Committee and on my own sincere gratitude to the Government of the Federal Republic of Germany for the generous technical assistance made available in a spirit of friendship, goodwill and co-operation. I must also extend hearty thanks to all the members of the German Study Team, who have spared no pains in the planning exercise to produce a comprehensive plan like the present one. They deserve our warmest congratulations for a piece of work so well done.

Meanwhile, I must not omit to express my thanks to the senior officials of the various Ministries and Departments of His Majesty's Government and the private entrepreneurs connected with the tourist industry, without whose willing co-operation and sincere goodwill the formulation of the Plan in its present form would not have been possible. In this context, mention in particular should be made of the Department of Tourism, which, as the co-ordinator of the project, did all it could to make the going good.

*Himalaya Shah*

H. R. H. Prince Himalaya Bir Bikram Shah  
Chairman  
Nepal Tourism Development Committee



## PREFACE

This is a plan for the development of tourism in Nepal. It is the result of joint efforts of His Majesty's Government of Nepal and the Government of the Federal Republic of Germany, and was made possible through the Technical Assistance Programme of the Federal Republic. The joint project is based on an agreement between H. M. G. and the Federal Government of November 1970.

The project was assigned to a group of experts in March 1971 by the BUNDESSTELLE für ENTWICKLUNGSHILFE (Federal Agency for Development Aid) in its capacity as executing agency for the Federal Ministry of Economic Co-operation.

Over a period of ten months the study team, comprising experts in such fields as tourism economy, tourist industry, geography and regional planning, collected and analysed data and information in the relevant fields in order to formulate this Plan, which attempts to represent a comprehensive study on tourism. It includes a long-term perspective concept for development and a detailed, action-oriented programme for the period up to 1980.

The execution of the study involved extensive field surveys carried out in various parts of Nepal. During March through May 1971 most of the background material and data were collected and supplemented by numerous interviews and discussions. In May the surveys were interrupted due to the early monsoon. One member of the team remained in Nepal until July.

During August 1971 a preliminary Action Programme containing the first findings was prepared and submitted to H. M. G. The Programme includes a set of proposals and projects for the immediate future in the tourism and supporting sectors and is complementary to this Plan.

In autumn two team members returned to Nepal to complete field surveys and to up-date information. During that time preliminary conclusions and broad targets of the Plan were discussed with members of Government and representatives of the tourism industry.

Upon return to Germany in early December the Plan was drafted and submitted to H. M. G. during April 1972. In June/July the draft was thoroughly discussed with the members of the Nepal Tourism Development Committee in order to elaborate the final version. The present Plan has been approved by His Majesty's Government in August 1972.



The present Development Plan for Tourism in Nepal has been carried out under the auspices of the

**BUNDESSTELLE FÜR ENTWICKLUNGSHILFE**

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The members of the study team would like to acknowledge warmest thanks to a large number of Government officials, public authorities, international agencies and private persons for helpful assistance during the course of work.

We particularly wish to acknowledge the time spent with His Royal Highness Prince Himalaya in his capacity as chairman of the Tourism Development Committee for his discussions regarding the present Plan.

The team members acknowledge their indebtedness to the many Government departments the members of which generously took time to help locate information and discuss problems. The team is indebted to a large number of persons representing the hotel and travel industry, banks and business for supplying information through personal interviews.

The team members are grateful for the opportunity afforded to them to become thoroughly acquainted with Nepal and wish to express thanks to the many people which were helpful during the field surveys in April, May, October and November 1971 and which involved travelling throughout Nepal.

More especially we wish to express our sincere gratitude to the Department of Tourism, its staff members and Director, Mr. T. R. Tuladhar, who have through their knowledge, experience and full co-operation greatly contributed to this Plan, without such cordial assistance particularly during the field surveys, the present study would have been based on a much less firm foundation.





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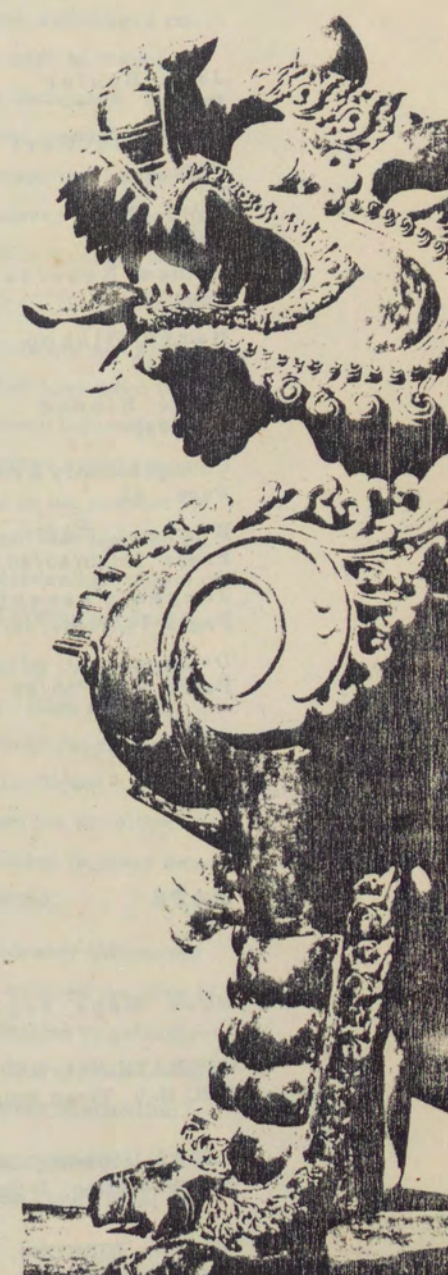


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## MAPS

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OPERATIONAL NAVIGATION CHART, 1:1 000 000  
ONC H-9, Third Edition, A.C.I.C. St. Louis, USA

NEPAL 1:506 880, GSGS, EAST & WEST SHEET,  
Second Edition, D Survey, Min. of Defense, U.K.

Nr. 72A, BIRGUNJ, 1:253 440, Quarter Inch, XS  
Third Edition, 1948.

### NOTE

The exchange value of the Nepalese Rupee (NRs) during 1972 was NRs. 10/10 to the U.S. Dollar buying and NRs. 10/20 selling rate.

## INTRODUCTION

Tourism has been growing at outstanding rates in the world in recent years and is now, in terms of economic volume, world's biggest and fastest growing export industry. Many countries have commenced fostering the development of tourism encouraged by the high increases and potential benefits that accrue from tourism through increased income opportunities and the welcome fact that earnings in tourism can greatly improve the balance of payments.

Economic advances throughout the world have resulted in a rapid increase of the wish to travel as free time and disposable income increased. Moreover, a high mobility has developed many forms of travelling, for recreational sightseeing, business, educational and many other purposes, and there is a tendency for travel and tourism to become more interrelated in motivation and purpose.

Travel and tourism to distant countries are also no longer the privilege of a few but have been made possible by the big international travel industries which, for their growth, depend on a further rapid expansion of travel, and this gave rise to the present forms of organized mass tourism. Not least of all has this been influenced by the increasing volume of air transportation capacities and falling air fares.

Ever since Nepal has been opened up to travellers, tourism has increased constantly. High rates of growth are in evidence during recent years, though its share in world tourism is insignificant. Nepal has now placed high priority on the development in tourism through which development in other sectors of the economy is to be achieved.

Tourism is basically an export industry influenced by a number of external factors, such as the size of demand, its quantitative and qualitative requirements the motivations and expectations of travellers, and the familiarity with Nepal as a travel destination.

Internally, tourism depends upon such factors as accessibility, the value of attractions, and, most im-



portantly, the supplies and services needed to support tourism. A successful growth in tourism is thus greatly influenced by the level of local supply to meet the requirements of tourism, and dependencies exist between other sectors of the economy. If, as under present conditions much of this supply can only be provided by resort to imports the aims of developing tourism as a foreign exchange earner would be defeated.

In order to provide for the future development in tourism, a planned concept is needed which will make it possible for Nepal to advance and to accomplish a proper growth in tourism which will provide real economic gains. To achieve this end, it is essential that a comprehensive basis is set for tourism development strongly interrelated with those sectors of the economy upon which tourism depends.

The present Plan is intended to provide a basis for integrated growth in the tourism sector. It has been prepared on the basis of extensive field surveys and evaluation of present conditions, detailed research of the present status of tourism, and analysis of the impact of tourism in the overall economy of Nepal.

The underlying **objectives** of the Plan include the following:

- to provide growth of international tourism to and within Nepal in an optimum manner which will help attain aims of social and economic policies and which will provide sustained economic benefits to Nepal.
- to provide a planned development of the tourism sector which best utilizes the resources and possibilities of Nepal with regard to the potentials of international travel.
- to induce economic activities and to assist in the development of agriculture, industries and infrastructure, through the establishment of employment opportunities, the increase of foreign exchange, and the creation of economic impulses in retarded areas.
- to develop tourism in a manner which will preserve and enhance the social, cultural, and historic values of Nepal.

The Plan is intended for the following **uses**:

- to assist His Majesty's Government of Nepal in deciding on measures in the tourism sector, in the

institution of legislation, and to commence integrated policies for the development of tourism and supporting sectors.

- to guide private sector activities in tourism, to provide for initiatives and investment both locally and internationally.
- to provide for co-ordination of private and public activities in tourism development, tourism promotion and marketing
- to attract international financial and technical assistance to preserve Nepal's natural and cultural resources for world tourism.
- to attract visitors to the country and to convey to the international travel markets that Nepal is preparing a long range development programme in tourism and to develop awareness of Nepal's tourism possibilities both in the country and abroad.

## Methodology and Scope

### Basic Assumptions

The methodology generally applied in setting targets for tourism is, like in any other export industry, to estimate potential demands and to prepare plans on the basis of requirements so anticipated. This approach is perfectly adapted to developed countries in which no differential exist between the level of services required for tourism and the local communities. It is however questionable in developing countries because such services can only be provided at permanently high costs to the economy.

Another weakness of the requirements approach is that it tends to suggest a pattern and pace of development which is often beyond the country's real capacity. In result, because of the temporary preponderance given to the numerical increase in numbers of tourists for increasing foreign exchange, the dependence on imports is not remedied, and development generally fails to bring about sustained benefits.

The specific situation of Nepal today is that the volume of tourism is low in absolute terms and phenomenal increases cannot be expected in the period ahead because too many preconditions are yet to be



created before a rapid expansion would occur. On the other hand the value of the tourist attractions of Nepal is high and evidence as is available now suggests that there is tendentially more demand than means to accommodate it.

The conclusion to be drawn from this is that in the years ahead the most important policy is to remove the obstacles which prevent Nepal from accomplishing a greater share of international tourism, and at the same time, to provide the basis for a sound growth of the tourist industry.

From this basic assumption which will be furthered in the study, it follows that the methodology to be applied is to analyse crucial bottlenecks and to test the maximum load of demand which can be met.

This resources approach underlies the Plan, taking into account the optimal economic capacity as also the marginal sociological threshold.

The study was conducted as follows:

#### Analysis

The study begins with a review of the general background of the country, its geographical phenomena and its characteristic features, land use, climate, and physical structure.

Socio-economic conditions have been studied and the main features of regional economies, as also their problems, outlined. Unfortunately, only a few and crude data are available on a regional basis. Still these provide some indication of the present situation including mainly such factors as agricultural and industrial production, and the availability of higher educational facilities which indicate the potentials for tertiary sector activities, and hence, tourism.

The other important component of tourism is transportation, which exhibits a particular problem in Nepal owing to its location and altitude. Present and planned transportation facilities are reviewed and studied, so as to determine the degree of accessibility of regions now and in the future.

In the final part of Section 1 a comprehensive survey of Nepal's visitor attractions is assembled, including natural, scenic, recreational resources and cultural and historic values, in order to provide a complete basis for immediate and future development. This was made possible by extensive travel throughout the country and evaluation of all other sources of informations as are available at this time.

Recent development of tourism is analysed using the present statistical data on visitor arrivals, main markets, and length of stay. Detailed analysis has been made in Section 2 of the present situation of the tourist industry in Nepal, its specific problems and potentials, including quantitative and qualitative analysis of the hotel and travel trade, the present accommodation facilities, as well as the economic situation of the tourist industry. In order to provide information on the qualitative structure of the tourism market, a comparative analysis has been made of demand structure in India and Nepal using available information from India and the fact that great qualitative similarity exists in the motivation of travel. Through this favourable factors for tourism development in Nepal have been singled out for attention.

Analysis concludes with a review of the present role of Government in tourism indicating problems and obstacles which may be crucial to future development.

#### Development Concept

In Section 3 the economic significance and the sociological impact of tourism in Nepal has been studied and policy proposals set forth.

Analysis has been furthered by evaluating the potential tourism market in Nepal. A concept for tourism development has been set up with respect to the economic and social objectives and the prospective demand; it includes a long-term strategy for expansion and details the requisite steps needed to achieve immediate and middle term targets.



The basic idea is to expand sightseeing tourism in the short run by promoting round tours; through this spreading effect impulses are created in regions outside the Capital and the length of stay of tourists is extended, which is an important means towards achieving sustained and independent growth in tourism in Nepal. In the middle term, trekking tourism would be fostered, and the long-term aim is to create a distinctively Nepalese supply which will attract a new form of demand, the Nepal-Style tourism, and which will utilize the touristic infrastructure created in the previous periods.

#### Development Programmes

In Section 4, the concept is converted into a development programme for the planning period until 1980. The programme is designed as an instrument of action. It identifies developable regions and recommends priorities of developing them, based on the long-term perspective of future tourism activities in the country.

The programme recommends the expansion of the accommodation plant for the volume of international tourism, and proposes facilities for recreational tourism from India, and the specific requirements of pilgrimage. Recommendations are made on investments and planning of the hotel plant.

The future size of the demand needed to support the expanded accommodation capacity has been projected both in total numbers of tourists and the average length of stay.

On the basis of the proposed facilities plan a public works programme has been drawn up in which infrastructural measures are outlined in detail for the development areas.

To give effect to the aims of the development programme and to provide for their implementation, recommendations have been made on the future organization of tourism authorities and their scope of activities, functions and capacity.

Supporting programmes of tourism development, including marketing and sales promotion, internal publicity,

personnel training, as also parallel measures and policies in agricultural and industrial improvements have been made.

Detailed phasing of public expenditures required to implement the programme have been set up, and the potential income from tourism projected.

Detailed recommendations have been made in Section 4 on improvements in the tourism administration. The Plan sets forth guidelines for the creation of a strongly centralized agency responsible for tourism affairs, and the role Government is to play in this sector in future.

In the Appendix to the Plan, analysis of the tourism development in Nepal's neighbouring countries has been made reviewing the basic potentials for tourism in India and Pakistan, as also the current plans to expand travel and tourism in those countries.

## 1. BACKGROUND INFORMATION



## 1. BACKGROUND INFORMATION

Writers have employed many a superlative to reflect Nepal's wealth of natural and scenic attractions, man-made treasures, a charming people and its spectacular cultural heritage. The Kingdom, by virtue of its geographical setting, indeed holds within a comparatively small area of land a uniqueness of tourist attractions which is probably single and outstanding in the world.

It is now only two decades that the "mysterious Kingdom" is open to visitors and - in spite of the remoteness and inaccessibility of most of the interior - an ever-growing number of tourists is attracted by the Himalayan splendor. Today, tourism in Nepal is largely concentrated in the Valley and City of Kathmandu, which has perhaps become synonymous to travel to Nepal for the great majority of visitors as the area not only embraces most of the country's cultural attractions but has also reached a state of development in the transportation, infrastructural and service sectors suitable for and accepted by the travel trade.

While the exotic vale is certainly an attraction itself the image or identity of Nepal as a travel destination is strongly associated with the mountain world of the Great Himalayas. The combination of both natural and cultural resources, together with the component elements of tourism industry, e.g. transportation and services, recreation and entertainment, represent the **touristic infrastructure** of Nepal, subject to analysis in this chapter

The economic value of tourist resources is derived from a particular set of factors including such natural features as climate and vegetation, physical characteristics and ecological attributes; some factors are the result of man's modification of the natural environment such as land use and infrastructural development. The factors singled out for attention and discussed in this context are:

- Nepal's **national setting** and characteristic features.
- The **physical characteristics** of the land, its great altitudinal and ecological range, its **land use** and **life zones**, and its **climate**
- The **socio-economic structure** of the country.
- A survey of present and planned **transportation** and **communication** facilities
- A survey of **visitor attractions** including the discussion of **natural** and **cultural resources**, their potential significance, and the problems involved in preserving these values.

The summarizing survey of background information relevant for tourism development does, however, not lend itself to immediate conclusions as to the future development, but will have to be weighted against such internal factors as macro-economic significance and economy of scale; finally the development of tourism potentials is determined by the current and future market conditions of Nepal's attractions in world tourism.





PLATE I

## 1.1 LOCATION AND CHARACTER

The Great Himalayas, earth's mightiest mountains extend for about 1 200 miles from Kashmir to Burma separating the two great Asian regions and cultures, China and the Central Asian Plateau from the tropical Indian subcontinent. On the southern fringes of the massif stands Nepal, the mysterious Himalayan Kingdom which has remained an enigma of most of the world until very recently, a "Shangri La discovered of late".

Roughly rectangular in shape the Kingdom covers an area of some 54 000 square miles which compares to about three times the area of Switzerland or half of the British Isles. Nepal lies between  $80^{\circ}15'$  and  $88^{\circ}15'$  east longitude and  $26^{\circ}20'$  and  $30^{\circ}10'$  north latitude, hence on the same parallels as North Africa or Mexico.

Though only 150 miles in width, Nepal displays a unique variety of geographical regions ranging from the tropical southern lowlands to the arctic Tibetan Plateau known as the roof of the world. Between these marginal zones by the Middle Hills, peopled thousands of years ago, it is this the traditional region of Nepalese culture and history, at whose heart lies the exotic Valley of Kathmandu embracing an exceptional cultural and scenic wealth.

The Great Himalayas march across northern Nepal crowned by 29,028-foot Mount Everest together with some ten snow peaks of over 26,000 ft. and about two hundred 20,000-foot peaks. On the shoulder of the range dwell the highland people among them the famed Sherpas who have climbed earth's highest snow peaks.

Set against the backdrop of the Himalayas lies a land of exceptional scenery and a fascinating people and culture. With a population now approaching eleven millions, Nepal comprises six major ethnic streams ranging from people of Mongoloid stock and Tibeto-Burman origin to Indo-Aryan stream. The two religions of the East - Hinduism and Buddhism have been worshipped here "in harmony throughout the ages"

Unified as a Kingdom only two centuries ago by the ancestors of King Birendra, Nepal has within the last decade increasingly become a magnet for tourists from around the world. It is the Capital City and the



PLATE 2



Valley of Kathmandu that most visitors see while much of the interior of the country is still largely untouched by the outside world.

### 1.1.1 A UNIQUE GEOGRAPHICAL SETTING

Broadly three richly varied zones make up remote and picturesque Nepal: the southern lowlands, the Midlands or Middle Hills, and the Great Himalayas stretching north. Within a short distance of 150 miles, the land comprises an altitudinal range exceeding 28,000 ft. It is this geographical phenomenon, described best as "the stairs to the sky" that has brought about a wide spectrum of natural and cultural features of almost unique variety.

- The **TERAI** lowlands, a narrow tropical belt along the Indian border, comprises the northern-most fringes of the Ganges Plains and the first foothills of the Himalaya massif. The land ranges from between 500 and 4,000 feet in altitude and roughly covers 17% of the country. It holds about a third of the population and two thirds of Nepal's cultivated land. Until recent eradication the forested Terai swarmed with mosquitoes and malaria prevented for centuries human settlement. Further north, the Churia Range rises abruptly from the plains; heavily forested the rugged range is devoid of human settlement; thus it shelters a wide array of wildlife including some of the last Asian rhinoceros, elephants, wild buffalo, tiger and deer.

- North of the Terai rises the **MAHABHARAT LEKH** up to 8,000 ft.; some ten miles wide, it forms the outer crestline of the Himalaya range. The Lekh is mostly steep, rugged and mountainous, cut through by deep valleys. Here the great rivers draining the Himalayas break out from their deep narrow gorges. The range functions as a natural wall protecting the lower lying **MIDDLE HILLS** stretching north as they enclose the actual mainland or backbone of Nepal extending over a width of 80 miles and bordered by the Great Himalaya Range further north.

Within an altitudinal range of between 2,000 and 10,000 ft., the Midlands hold about 60% of the total land area of Nepal and more than half of its population. The physical structure of the land is marked by the major north-south rivers Karnali, Gandaki

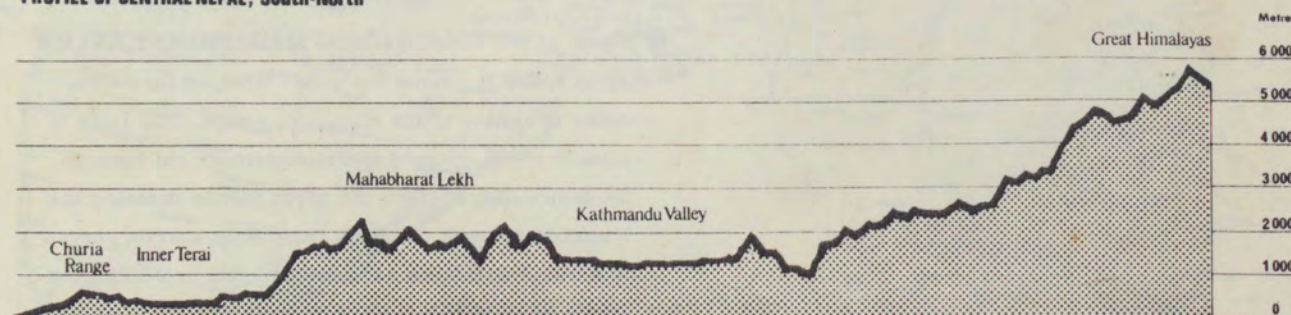


and Kosi and their many tributaries cutting through the hilly land. The landscape differs from east to west with gently rolling hills in the central and eastern part becoming more steep and rugged in the western hill complex where the spurs of the Great Himalaya penetrate further south.

Of all geographical regions of Nepal the Midlands are the most ideal for human settlement; altitude and climate provide extremely favourable conditions for almost any kind of agricultural production. Thus, the land is extensively cultivated and the prevailing terrace cultivation represents the most common feature of the landscape.

Temperate and fertile, the Midlands have enabled man in the past to cultivate the land and develop culture and civilisation. Clearly and significantly, Nepalese civilisation has eventually come to rise in the valleys of the Midlands. Being the largest, Kathmandu Valley has become the focal point of cultural and economic activities. Here stands the capital of the Kingdom. Through their location the Midlands were almost inaccessible to outside invasion and this very factor has enabled "a great and unique civilisation to develop at a time when the outside world was still in the dark period of man's history."

PROFILE OF CENTRAL NEPAL, South-North



- Unlike the Midlands where man has succeeded in shaping his environment, the **GREAT HIMALAYAS** are inhospitable and often forbidding a region, though, despite thin air and bitter cold a hardy highland people of Tibetan origin has settled in the valleys and on the shoulders of the Himalayas which embrace eight of earth's ten tallest mountain peaks towering high above an unparalleled mountain world.



- Beyond the snow-capped peaks extend the **INNER HIMALAYAN VALLEYS**. Arid but grand, this zone is sparsely scattered with human settlements situated above 21,000 feet and probably some of earth's highest dwellings. Further north, then, stretches the Tibetan Marginal Range, the outer crestline of the Central Asian Plateau rising as high as 25,000 feet. Wind-swept and severely cold this arid region is characterised by barren heights, deep cañon-like gorges, and heavily terraced valleys. Peculiar enough the great Himalayan rivers originate in this range, then cutting through the Great Himalayas on their way to the Ganges Plain.

Nepal's unique geographical location is illustrated in the above profile drawing which extends from Birgunj at Nepal's southern border to the Gosainkund Lekh and the Langtang Himal bordering Tibet - over a distance of little more than 90 kilometres the land rises almost 6,000 metres. Looking north across the Midlands the Great Himalayas tower high above the hilly terrain, as illustrated in the photo taken from the Pokhara area.

## 1.1.2 CLIMATIC VARIATIONS

The dominant climatic influence is the **SOUTH-EAST MONSOON** which commences in June and normally

However, owing to its al experiences an exception the Great Himalayas divide between the sub-arctic Tibetan Plateau proximity the country rate, alpine and arctic

monsoon period and 0 millimeters though 0 mm of rain. The end a dry winter season December to February, warmer until the beginning. The transition phases September-October extremely warm temperatures elevations, seasonal in the high mountains longer; in the extreme Himalaya Range, the land little influenced by the

in the east and along the valleys and lowest in the extreme north. The mean for the whole of Nepal, The summer high in °C lower than in the lowest of the northern sub-

are indeed so unusual summer in Terai, while still winter in the mountains more or less clearly

altitude hot and tropical rainfall averaging between 900 mm in the west. In the Terai, the Churia Range, it has well over 250 °C. ture well above 30 °C.

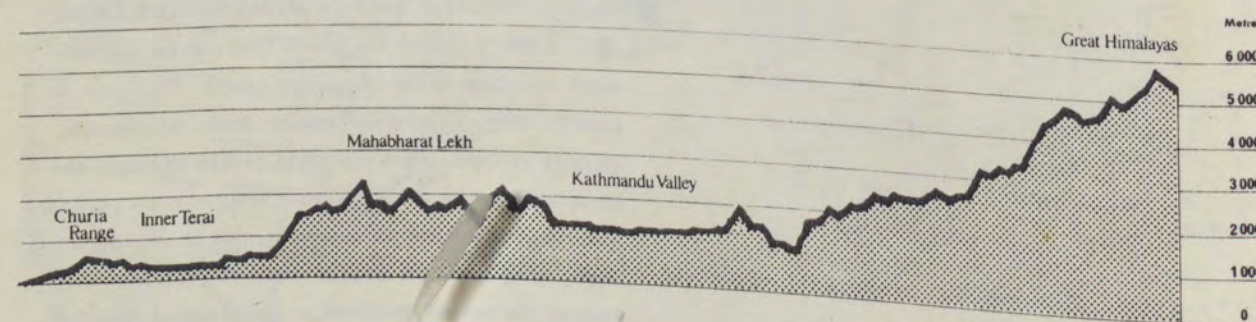


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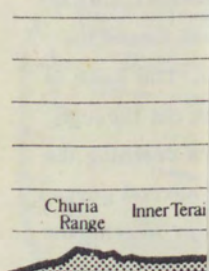
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#### PROFILE OF CENTRAL NE



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#### 1.1.2 CLIMATIC VARIATIONS

The dominant climatic influence is the SOUTH-EAST MONSOON which commences in June and normally continues until late September. However, owing to its differences in elevation, Nepal experiences an excep tional climatic diversity with the Great Himalayas functioning as a sharp climatic divide between the tropical subcontinent and the sub-arctic Tibetan Pla teau in the north. Within close proximity the country thus displays **tropical, temperate, alpine** and **arctic** climates.

Rainfall is concentrated in the monsoon period and varies between 1 000 and 2 000 millimeters though some areas receive over 3 000 mm of rain. The end of the monsoon is followed by a dry winter season which reaches its coldest in December to February, then becoming progressively warmer until the be- ginning of the next monsoon. The transition phases during February-March and September-October ex- perience moderate and pleasantly warm temperatures in the Midlands, while in higher elevations, seasonal variations are less apparant; in the high mountains the cold season is considerably longer; in the extre- me north beyond the Great Himalaya Range, the land lies in the rain shadow and is little influenced by the monsoon.

In general rainfall is highest in the east and along the southern slopes of the Himalayas and lowest in the west and almost absent in the extreme north. The mean annual temperature is  $15.5^{\circ}\text{C}$  for the whole of Nepal, increasing from north to south. The summer high in the Midlands averages about  $5^{\circ}\text{C}$  lower than in the lo wer plains in the south and most of the northern sub- continent.

Climatic differences in Nepal are indeed so unusual that one may experience a hot summer in Terai, whi le it is spring in the hills and still winter in the moun tains. From south to north five more or less clearly defined climatic zones exist:

- **TROPICAL** - Up to 3 000 ft. altitude hot and tropical climate prevails with summer rainfall averaging bet ween 1 800 mm in the east and 900 mm in the west. The tropical zone includes the Terai, the Churia Range, and the dun valleys to the south; it has well over 250 days per year with air temperature well above  $30^{\circ}\text{C}$ .



● **SUB-TROPICAL** - Moist sub-tropical climate is characteristic of the Mahabharat Lekh and the hill areas between 3,000 and 6,000 ft. in elevation. Though the summer is milder than in the Terai, the summer maximum reaches  $32^{\circ}\text{C}$  with between 230 and 270 sunny days annually. In general, temperatures do not fall below  $0^{\circ}\text{C}$  in winter. The monsoon rains are heavy but of decreasing intensity towards the west which occasionally receives winter rains, too.

● **TEMPERATE** - Above 6,000 ft and as high as 10,000 ft., then, a temperate climate prevails; summers become considerably cooler and shorter; winters are colder with night temperatures below freezing. Summer rainfall is still dominant while most of the winter precipitation is in the form of snow.

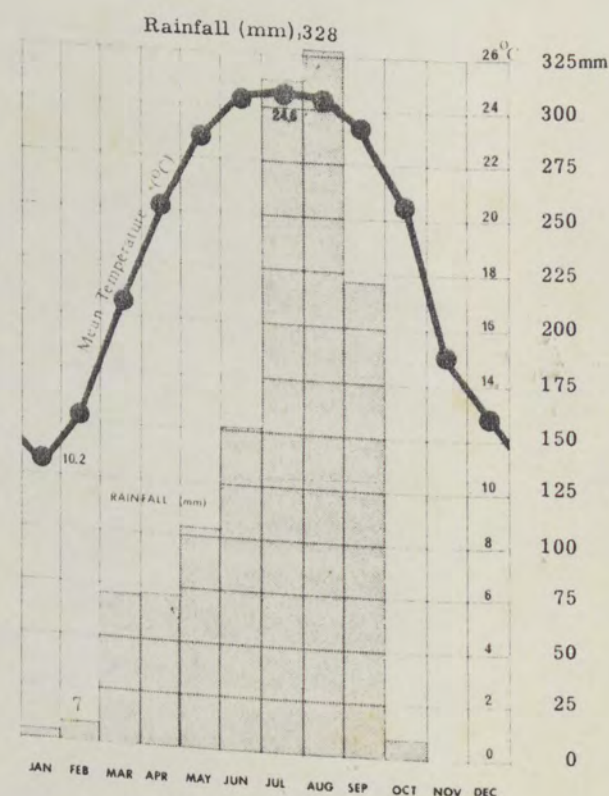
● **ALPINE** - Above 10,000 ft. and to the upper limit of the tree line at about 12,000 ft. a tundra-like climate and vegetation prevails, though woody vegetation may extend to about 14,000 ft. Summers are very cool and rather short, while winters are severe and dry with temperatures falling below freezing for most of the year and abundant snow fall. Vegetation is typically alpine wherever there is sufficient soil, up to the lower limit of perpetual ice and snow at about 17,000.

● **SUB-ARCTIC** - Lying north of the Great Himalayas, the Bhotia regions have more in common climatically with the arid wind-swept deserts of Central Asia than with the rest of Nepal. Typically desert-like climate exists in the Mustang and Dolpo areas with little or no precipitation and more than 300 sunny days in the year. Snowfall occurs generally on the southern slopes and inner valleys.

The accompanying map shows the rainfall distribution and air temperature data for representative areas as for 1966, using records from the "Climatological Records of Nepal" from 1966. The data indicate the variations in temperature among the regions; thus, for instance, Pokhara lying at 2,500 ft. received 3 500 mm of rainfall with 230 sunny days in 1966, the mean annual was  $21.1^{\circ}\text{C}$ . Kathmandu set about 2,000 ft. higher received only 1 500 mm, with 290 sunny days and  $18.6^{\circ}$  mean annual.

● **SNOWFALL** occurs in areas above 13,000 ft with larger amounts of snow on southern slopes. Potentials for winter sports (skiing) are restricted both by high altitude and steep slopes.

PLATE 4



CLIMATIC DATA KATHMANDU  
Sources: U.M. Malla 1968, Welt Wetteratlas 1971

18	20	29	29	30	29	29	28	28	26	23	19		DAILY MAXIMUM °C
2	4	7	11	16	19	20	20	19	14	8	3		DAILY MINIMUM °C
6	6	8	10	8	5	3	2	3	5	5	5		NO OF SUNNY HOURS PER DAY
70	68	53	54	61	72	82	84	83	81	77	73		RELATIVE HUMIDITY %
1	5	2	6	10	15	21	20	12	4	1	0		NO OF RAINY DAYS
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		

### 1.1.3 LAND USE AND VEGETATION

More than 80% of Nepal's total land area is covered with mountains and hills, whereas only 17% comprises



REGIONAL DEVELOPMENT CONCEPT

PLANNED GROWTH AXES • GROWTH CENTRES

LINKAGES



● **SUB-TROPICAL** - Moist sub-tropical climate is characteristic of the Mahabharat Lekh and the hill areas between 3,000 and 6,000 ft. in elevation. Though the summer is mild, maximum reaches 30°C annually. In winter, low 0°C in winter of decreasing in seasonally receive

● **TEMPERATE** - In the temperate zone, then, a temperate climate comes considerably colder with higher rainfall is precipitation is

● **ALPINE** - Above the tree line at 10,000 ft. and vegetation extends to about 15,000 ft. rather short, with temperatures fall in winter and abundant year and abundant alpine wherever the lower limit of pe

● **SUB-ARCTIC** - In the Bhotia region with the arid climate than with the temperate exists in the hills or no precipitation in the year. Snow on the northern slopes and in

The accompanying map and air temperature for 1966, using records of Nepal" stations in temperate zone, Pokhara of rainfall with 2 was 21.1°C. Received only 1500 mean annual.

● **SNOWFALL** occurs in greater amounts of snow for winter sports at high altitude and steep

PLATE 4

## 1.1.3 LAND USE AND VEGETATION

More than 80% of Nepal's total land area is covered with mountains and hills, whereas only 17% comprises of plains and lowlands. From south to north five broad **ecological zones** are well demarcated in terms of land use and vegetation:

- a) a **cultivated zone** in the Terai lowlands, interrupted by remaining patches of sal forest and virgin jungle once rich of wild life
- b) a densely **forested zone** along the Churia Hills and the higher elevations of the Mahabharat Lekh with occasional large cultivated valleys and slopes, the Range still shelters some of Asia's richest wild-life population
- c) an extensively **cultivated zone** in the hill complex of central Nepal, paralleling the forest belt, except in the west where cultivated land is broken by large patches of natural forest stretching from north to south
- d) the northern densely **forested zone** on the lower slopes of the Great Himalayas bordering the traditional agricultural regions. Wildlife resources are largely untouched by man in the mountain zone while in the Midlands wildlife is generally poor.
- e) perpetual **ice and snow** above 17,000 ft. altitude.

Today, approximately 13% of the country is under permanent cultivation with more than 65% of the arable land lying in the Terai. It may be assumed that of the total surface 20% is suitable for cultivation. Roughly half of the land is covered by natural forests which constitute an important resource for commercial timber production apart from their protective functions for soil and water, and as wildlife habitat. With the rapid population growth and the resulting need for increased food production large forest areas will be required for agricultural purposes, leading to a corresponding decrease in forest and wildlife resources which will eventually effect the ecological balance as it exists now.

As these natural values represent important recreational resources for tourism appropriate land use planning, forest and wildlife preservation and management will have to be adopted if these resources should not be lost. A more detailed survey of these resources will be presented elsewhere in this chapter





PLOUGHING EARTH'S HIGHEST FIELDS  
in Northern Nepal

Farming in the Transhimalayan Bhotia Region is limited to an extremely short season during which barley, buckwheat, oats and potatoes are grown in unirrigated fields in heights above 17,000 ft or 5,000 metres.



TERRACE CULTIVATION in Central Nepal

Heavily terraced and intensively cultivated are the hilly regions in the Midlands. Paddy fields are the most common feature of the landscape - farmers sow the fields with rice wherever irrigation is possible. The upper terraces are usually used for barley, wheat, millet, maize, and, seasonally, potatoes or vegetables when there is enough rainfall.

## 1.2 SOCIO-ECONOMIC STRUCTURE

Basically, Nepal is an agrarian economy with more than 93% of the population engaged in agricultural activities; industry accounts for only 1% of the labour force, equally low are commerce - 2.5%, cottage industries - 1%, and services - 2%. The agricultural sector though predominant in terms of occupation, only accounts for 65% of the national income which reflects that the vast majority of the population perform subsistence level agriculture.

However, aggregate totals of this kind reflect little of the actual status of the economy and its regional differences.

Nepal, by virtue of its geographical setting comprises a richly varied combination of different cultures ethnic backgrounds, and, hence, socio-economic structures. Broadly three regions have in the course of history developed a more or less specific economic pattern: the Terai lowlands, the Central Hills, and the mountain areas, with Kathmandu Valley playing a central role not only in the hilly region, but in the entire Kingdom. In the following table some basic indicators of the diverse regional socio-economic structures are assembled, as contained in the Fourth Plan.

CRITERION	MOUNTAIN & HILL REGION	TERAI	KATHMANDU VALLEY	NEPAL
Total Land Area	74.8%	24.8%	0.4%	100%
Population in 1961	58.7%	36.4%	4.9%	100%
Population Density (sq. mi)	157	244	2110	173
Population Increase	10.7%	14.6%	11.9%	14.0%
Cultivated Area, 1968	31.6%	65.3%	2.9%	100%
Large-scale Industry		62.5%	37.5%	100%
All-weather Roads	45.4%	34.4%	20.2%	100%
Educational Institutions	40.9%	34.9%	24.2%	100%
Health Facilities	58.2%	34.4%	7.4%	100%

SOURCE: The Fourth Plan



Thus, while the mountain and hill regions cover two thirds of the land and support more than half of the population, the vast majority of the cultivated areas are in the Terai which also has the largest number of industrial establishments. Equally unbalanced is the concentration of population and infrastructural facilities in Kathmandu Valley when compared with the remainder of the country. The situation is further accentuated by significant disparities within the regions themselves.

- In the **Terai**, two-thirds of the population are in the eastern half where population densities approach nearly a thousand persons per square mile in some districts. 80% of Nepal's larger industrial establishments are located in the eastern Terai which now experiences the highest absolute and relative in-migration. Though once a region devoid of human settlement (due to malaria), the lowlands have since acquired great economic importance because of their comparative advantages in transportation and circulation, agricultural and industrial development. Heavy pressure on limited land resources in the hill regions has resulted in large-scale agricultural settlement in the Terai rendering it a food-surplus region exporting to the North Indian markets.
- Quite different the situation in the **Midlands** - outside the Valley of Kathmandu - where subsistence level agriculture is the basis of a stagnant economy. Though extensively cultivated and heavily terraced, the topography effectively blocks the reclamation of cultivable land needed to close the chronic and ever-growing gap between population growth and stagnant food production. The vital exchange of goods and services between the food-deficit hill regions and the food-surplus Terai is severely handicapped by the absence of transportation facilities both internal and inter-regional. Thus, the disparity between the two regions is increasing in terms of production and standard of living.
- **Kathmandu Valley** has been the traditional pole and growth centre of Nepal's social, political and economic development; a booming enclave amidst the backward hill region, Kathmandu City is already experiencing the negative effects of urban-industrial expansion.
- In the **mountains** a sparse population dwells in a harsh and often forbidding environment. Traditionally, the

PLATE 5

Structural data have been assembled in the accompanying plate as available at this time for the 74 districts of Nepal. Because of the lack of complete statistics on a district level for one and the same year the exhibit provides only a rough indication of the country's socio-economic structure. Still, it reveals the present imbalance between population and resources in the main regions of Nepal.

SOURCE: United Nations Development Programme, Central Bureau of Statistics, HMG, and Ministry of Education, HMG.





Bhotea people follow Tibetan patterns in culture and economy; they are engaged in barter trade, pastoralism and seasonal agriculture, growing meager crops in earth's highest fields. With the decline in trade with Tibet - an important source of local income - many of the formerly rich trade posts and market places have lost their importance and are rapidly deteriorating while the inflow of Tibetan refugees has further aggravated the economic problems in this region.

The accompanying map provides further insight into the socio-economic status in the regions using population and economic data on district basis. Broadly, the population density in the country increases from north to south and from west to east and is highest in Central Nepal and the Eastern Terai which have most industrial establishments and where the availability of higher educational institutions is significantly better than in the rest of the country. The map provides an indication of potential service sector and entrepreneurial resources which are essential to the tourism economy.

- **Industrial activity** is still in an early stage of development and comprises of principally agro-industries. In terms of production and output, rice husking accounts for almost half of the value added in the industrial sector, followed by jute and oil processing, and other products from agricultural raw materials, such as cigarettes, yarn and textiles. Cement, brick and furniture manufacturing account for little more than five per cent of the total industrial production.

- **Agricultural production** varies greatly between the regions: the sub-arctic Bhotea region grows barley, potatoes, buckwheat in a very short season; the Midlands grow paddy, maize, millet and barley at a subsistence level in most parts. Potentials are there to grow almost any crop including high quality vegetables, as evidenced in Kathmandu valley which produces sufficient food of good quality to support the Valley population; the Terai lowlands grow and export abundant rice, jute, sugarcane, oilseeds, maize, and other tropical crops which form the basis of a growing agro-industry.

Agricultural activities in the hill and mountain areas are limited to the monsoon season when there is sufficient surface water, while, during the dry season, the mountain people descend to the hills and the hill people move down to the Terai markets to obtain salt

and manufactured goods in exchange for agricultural products. Thus, "the economy of the hill regions hinges on constant movement of people and goods". Despite the physical barriers imposed by rugged mountain ranges and deep-cut river gorges, the large-scale **mobility** of people has maintained a certain degree of inter-regional circulation of goods and has brought about economic dependences among the diverse regions. Estimates suggest that "one quarter of the population is on the move during the dry season", an impressive mobility which has contributed much to the exchange of ideas and traditions and has interwoven the cultural patterns of Nepal. It has indeed become a cultural and social phenomenon itself as traveling is deeply rooted in the way of life of the hill people.

Obviously, the traditional means of transport along steep and often precarious mountain trails discourage any form of organized trade and retail marketing in the hilly regions. Nonetheless, trade with Tibet and China has been an important facet of Nepal's economy in the past, due to its strategic location along the major north-south trade routes and high passes. Ancient trade routes follow the main rivers and market places have been established along these routes at regular distances of a day's journey.

- The decline in trade with the north after the Tibetan revolution has brought about a fundamental change of Nepal's **trade pattern** which is now entirely focused on the Terai and the North Indian markets; this situation has led to drastic shortcomings in the hill and mountain economies, while the Terai has gained considerable importance owing to its locational advantages which facilitate transport and circulation. Inherent potentials for agriculture and industry have further strengthened the dominance of the Terai in the national economic system.

Development efforts in the past, investments in infrastructure, land settlement, hydro-power and irrigation schemes have achieved a comparatively rapid growth of population and production in the Eastern Terai and the Capital Region which constitute the most developed parts of the country. Obviously, investments in these areas are most promising, especially in view of the country's limited sources for development financing. Although the policy of concentrating development projects has brought about

without question significant progress in those areas, it has further increased the disparities between the two poles and the remainder of the country. The problem has been acknowledged in the current National Plan which has consequently drawn up a planning policy aimed at eventually balancing the gap through more conscious allocation of national development funds and better control of the effects set off. The Plan, however, realizes the fact that a material balance of the diverse regional socio-economic structures can only be achieved in a long period of time.

- A **regional development concept** has been drawn up in the Fourth Plan which envisages the development of four **north-south growth axes** along which development projects should in future be concentrated. The aim of this far-reaching strategy is to eventually provide links between the three major zones of Nepal and to integrate the Terai economy with that of the remote hill and mountain regions in order to induce the inter-regional circulation of trade, labour and capital. Thus a gradual balancing of regional disparities will be accomplished. Comprehensive regional development programmes are to get underway in the four growth corridors. Initially the planning strategy envisages the development of a basic infrastructural fabric along the growth axes and the planned **growth centres** which will carry major administrative, industrial and commercial functions on the pattern of polyfunctional centres catering for their hinterland.

Growth is expected to spread from the axes and centres to the surrounding areas, thus, that eventually the hill and mountain regions are integrated fully into a network of economic and communication links. To date, a nucleus of a growth axis exists in the Metropolitan Zone north and south of Kathmandu and between Bhairava and Pokhara while the eastern and western axes still lack such basic elements as roads, industrial and service infrastructures. The major objective of the concept is to induce a decentralized pattern of growth in the entire country and provide for the economic viability of each region by developing it to its full potentials based on regional analysis.



## PLATE 6

The four principal north-south corridors designed to stimulate a balanced growth pattern in Nepal in the future are illustrated in this map. Of the four only the Metropolitan and, to a lesser extent, the Gandaki zones can be considered to already provide a rudimentary infrastructural fabric suitable for the expansion of the tourism industry during this decade.

SOURCE: The Fourth Plan and National Planning Commission, HMG, Kathmandu, 1970.

## 1.3 TRANSPORT AND COMMUNICATION





## PLATE 6

The four principal  
to stimulate a balan  
the future are illust  
only the Metropolit  
Gandaki zones can  
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for the expansion o  
this decade.

SOURCE: The Four  
Commission, HMC

## 1.3 TRANSPORT AND COMMUNICATION

Nepal has within the span of two decades developed a nucleus of a transportation and communication infrastructure, which though fragmentary provides for access and communication within the country. Still, most of the interior of the country remains largely inaccessible for surface transportation, the only means of communication being by radio and - to some extent - air transport. The mountainous and rugged topography imposes immense problems to road construction and maintenance, high costs and ever-changing weather conditions impede air transport, while other modes of transport such as ropeways and lifts are as yet in an experimental stage.

Transportation is the most basic requisite towards improving the standard of living of the vast majority of the people and towards the overall social, political and economic development of the nation. Transportation infrastructure is particularly crucial to the hill and mountain regions where the gap between population growth and food production is widening every year. It is vital for the needed balance between the regions if one considers the present situation where the food-surplus Terai exports to the North Indian markets which themselves experience the "green revolution" while - a few miles north in the hills - the population apparently lives at starvation level.

The current National Plan, therefore, places highest priority on the development of the transportation and communication infrastructure with special emphasis on the hill and mountain regions.

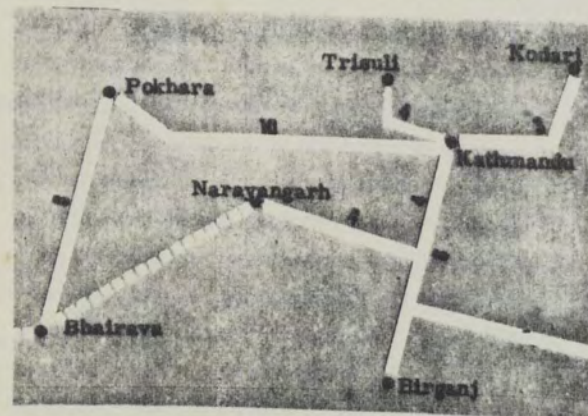
## 1.3.1 SURFACE TRANSPORTATION

● **ROAD NETWORK** The present road network consists of some 2 800 kilometers, of which 820 km are metalled roads, 440 km with gravel surface, the rest being fair weather earth roads and trails. The planned **Asian Highway** forms the backbone of Nepal's road network; the east-west highway is designed to run for about 830 km throughout the length of the country linking it directly to New Delhi in the west and to Dacca in the east. Approximately one-fourth of Nepal's section of the Asian Highway has been completed in the central part of the Terai with the eastern section under construction and the western section in the stage of planning.



The interior of Nepal will be connected to this main artery through north-south **feeder roads**, of which to date two links exist, the Birganj-Kodari road linking India and Lhasa in Tibet, the Bhairava-Pokhara road, with a metalled road link in the course of completion to link Kathmandu with Pokhara, forming the only east-west connection in the hill region thus far. The following diagram indicates the travel time on the existing system. The average speed along these routes is little more than 50 km per hour in the mountain sections though the roads are generally in good condition and are probably some of the most scenic routes in the world.

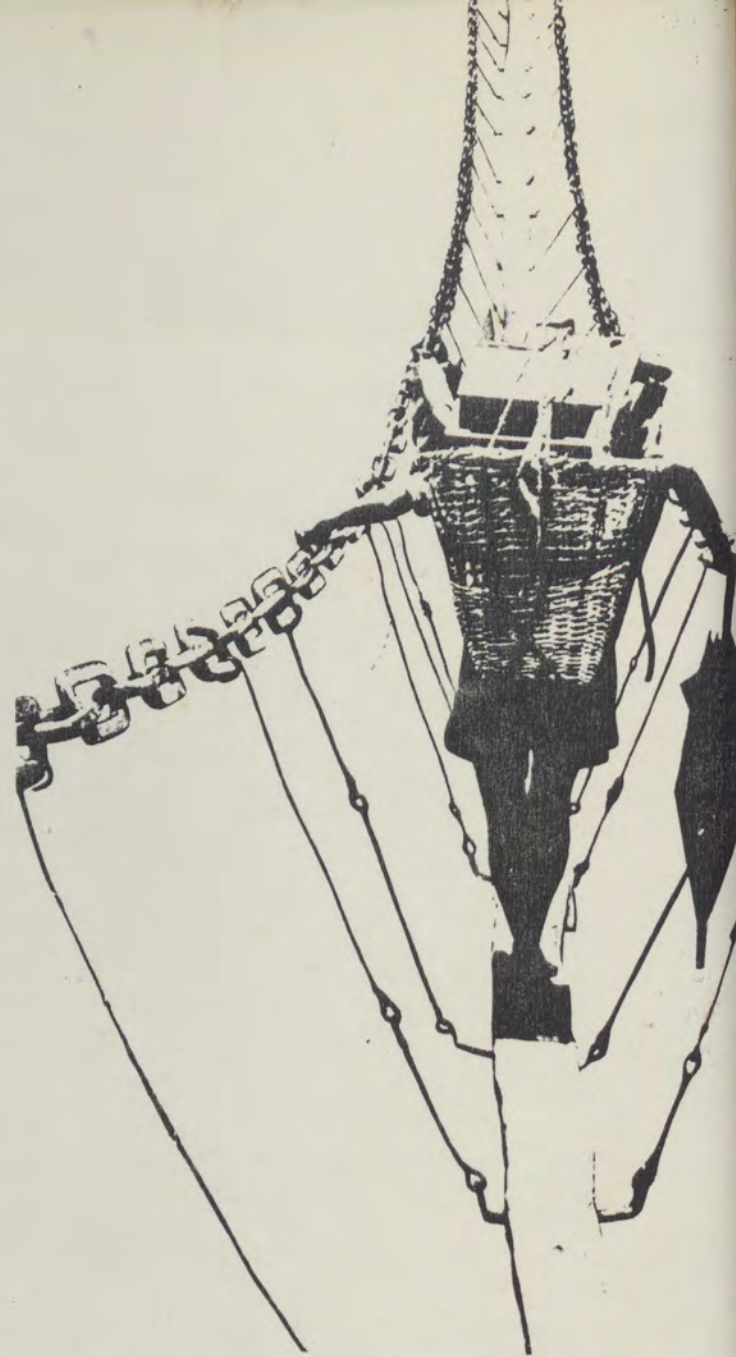
TRAVEL TIME ON THE EXISTING HIGHWAY NETWORK, in hours



The entire road network is strongly focused on Kathmandu which is now the best accessible area in the country connected to India and Tibet as well as to some of the Central Hill Region. A local road network in the Valley links the major cities of Kathmandu, Patan and Bhadgaon as well as a number of small towns and villages.

Motorable roads are almost non-existent in the western and eastern hills and in the mountains where steep trails provide the only means of transportation. The problems involved in road construction are tremendous, owing to rugged topography and climatic influences typical to mountain areas. Roads constructed thus far were usually designed "labour-intensive", that is, the alignment winds along the contour lines with little or no soil stabilization. Consequently, large road sections are being washed-off by land slides during heavy monsoon rains.

As a result of this, maintenance costs are considerable; on the other hand neither the local economies nor the economic impact whatsoever would justify those



The traditional means of transportation in the mountains are porters hiking along steep and often precarious trails and swaying bridges suspended across the deep river gorges; in the remote and roadless interior of Nepal the economy hinges on the constant movement of people and goods.

PLATE 8

Nepal's transportation systems are shown in this map including present and proposed road and air networks. The map is based on information obtained from various sources, including the Fourth Plan, the Ministry of Public Works (Departments of Roads, Civil Aviation), and United Nations Development Programme

capital-intensive high standard road alignments requiring large bulks of steel and cement, apart from the technology involved in bridge and tunnel construction.

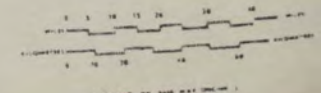
duction is reached, it appears, can one realistically assume that a road may be operated economically by a self-generating local economy. One may conclude.



## TRANSPORTATION

————— HIGHWAY  
 ————— REGIONAL ROAD  
 - - - - - route under constr.  
 - - - - - route planned  
 . . . . . route proposed  
 ——— all weather road  
 ——— fair weather rd.  
 ——— jeepable rd., track  
 ——— RAILWAY, RAILHEAD  
 . . . . . ROPEWAY

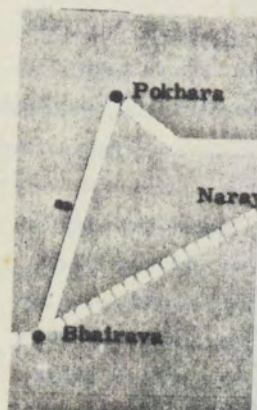
+ INTERNATIONAL AIRPORT  
 + DOMESTIC AIRPORT  
 + S.T.O.L. AIRFIELD





The interior of Nepal will be connected to this main artery through north-south **feeder roads**, of which to date two links exist, the **Binayak Kosi road** linking India and Lhasa in Tibet with a metalled road to link Kathmandu with the east-west connection following diagram and existing system. The average travel time is little more than 50 sections though the region and are probably in the world.

#### TRAVEL TIME ON THE EXIST



The entire road network in Kathmandu which is now the country connected to the me of the Central Hill in the Valley links the tan and Bhadgaon as well as villages.

Motorable roads are in the northern and eastern hills steep trails provide the connection. The problems involved are tremendous, owing to ruggedness, owing to ruggedness typical to the region thus far were usually that is, the alignment with little or no soil stabilization. Large road sections are required during heavy monsoon. As a result of this, the economic impact is significant; on the other hand, the economic impact



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capital-intensive high standard road alignments requiring large bulks of steel and cement, apart from the technology involved in bridge and tunnel construction.

The future road network as formulated in the 20-year Highway Plan and underlying the regional development concept set forth in the Fourth Plan will comprise five high-grade north-south feeder roads supplemented by a gradual expansion of the east-west links in the Midlands connecting the proposed growth axes. In addition, a system of regional roads will provide for the needed accessibility of the hill and mountain regions, both internally and inter-regional. (PL 8)

- **ROPEWAYS** In view of the difficulties involved in road construction, alternative modes of transport have been given early consideration and a ropeway has been constructed in 1964 to span the hills over a distance of 64 kilometers to link Kathmandu with Hita-tura in the southern lowlands. Although the ropeway operates at considerably lower costs than road-oriented transportation, vested interests in the latter have so far prevented its utilisation to full capacity. And, although the prospects of ropeways in the hilly region have been in discussion for some years, no studies on its applicability have been carried out. There is little doubt that this mode of transport has great advantages when compared with roads; among other factors it is the lower construction costs and almost negligible maintenance costs involved that render the ropeway more economical. Available evidence, on the other hand, suggests that the opening of roads so far has created as many problems as it was to solve, ranging from increased out-migration of the hill population, the decline of regional centres (such as in the case of Trisuli Bazar which has lost its market function entirely to Kathmandu), the creation of road-side shanty towns, to the difficulties involved in developing a given local economy to such an extent that it would effectively benefit from a road before it is opened.

Again it appears that ropeways have advantages if one considers the acute and pressing need for food imports in the hills and the fact that a material improvement in agricultural activities can only be achieved if and when needed fertilizers and insecticides can be transported to the hills and surplus market-oriented production exported. Only when this state of pro-

duction is reached, it appears, can one realistically assume that a road may be operated economically by a self-generating local economy. One may conclude, then, that ropeways represent the most ideal solution to provide for needed basic accessibility to the hill and mountain region to set off development. This would also help to open the hills for recreational tourism which could constitute an important economic force to accomplish this end.

- **RAILWAYS** Nepal's southern border towns are connected to the Northeastern Indian railway system through 15 railheads. Inside the country three narrow gauge railway lines exist in the Terai. Railway construction in the mountainous areas is difficult and costly though not impossible as evidenced in other high mountain countries. Thoughts have thus been given to the construction of a heavily tunnelled railway line from Kathmandu to the south. At present plans are in discussion to establish an electric commuter system between Kathmandu and Bhadgaon.

- **WATERWAYS** Owing to the ever-changing flood levels of Nepal's rivers, differing as much as thirty times in height between the dry season and the monsoon period<sup>2</sup>, the use of waterways for transportation is rather limited. Log floating is being used on the upper Ghandaki River while small vessels have been introduced on the upper Kosi River. Possibilities for boating and other water sports are abundant in the hills and mountains of Nepal if only the rivers were easier to reach; and there is no reason why this means of transport should not be used in future as a tourist attraction.

#### 13.2 AIR TRANSPORTATION

Air Transport is often the most convenient means of communication as it is least impeded by topographical features. In fact, air communication existed before roads were opened in the country; erroneously, the first automobiles to be used in the hill region were flown in by air. It is through Tribhuvan Airport in the Valley of Kathmandu that much of the remote interior of Nepal is connected to the capital, while Kathmandu is linked with other Asian cities and thus to the international air routes.

- **Tribhuvan Airport** functions as the gateway to the country.



try for more than 90% of the incoming international visitors. **Scheduled** feeder line services exist between Kathmandu and Delhi, Calcutta, Bangkok, Rangoon, Hongkong, Patna, Varanasi, and Seoul, operated by INDIAN AIRLINES (IC), THAI AIRWAYS INTERNATIONAL (TG), and UNION OF BURMA AIRWAYS (UB). The Government-owned ROYAL NEPAL AIRLINES CORPORATION, R.N.A.C. (RA) collaborates with Air France and operates scheduled flights to Delhi, Patna, Calcutta with plans to extend services to Bangkok by 1973 using Boeing 727 jet aircrafts. At present aircrafts used by the air lines include turbo props such as Hawker Siddeley (AO), Fokker Friendship (F7), Vickers Viscount (VV), jet aircrafts of the Boeing 727 and 737 - type and the Douglas DC-8(D8S), prop-aircrafts such as the DC-3 and Twin Otter are still in use.

#### INTERNATIONAL SCHEDULED FLIGHTS, 1971/72

from/to KATHMANDU	Carrier	SCHEDULED FLIGHTS DAY	Aircraft
BANGKOK	TG	■	D9S
	TG	■	D9S
CALCUTTA	IC	■	VV
	RA	■	AO
	RA	■	AO
	TG	■	D9S
DELHI	IC	■	VV
	RA	■	AO
PATNA	RA	■	AO
	IC	■	F7
RANGOON	UB	■	727
VARANASI	IC	■	737

#### Feeder Line via Bangkok

HONGKONG	TG	■	D9S
	TG	■	D9S
SEOUL	TG	■	D9S

- **Non-scheduled** international flights have started operation in autumn 1971 by a charter line which flies in some hundred tourists weekly using Super Caravelle jet airplanes. Charter tourism has thus been introduced as a new form of air transport to Nepal which signals the beginning of a new era of mass tourism.
- On the **domestic** routes R.N.A.C. now operates sche-

duled flights between Kathmandu and 13 airports of which 11 are located in the Terai. Except for Bhairava, Janakpur and Biratnagar airports there exist fair weather airfields only. Air service is often impeded by the absence of adequate navigational aids and quite frequently flights are being cancelled because of weather conditions. During the monsoon period air operations are very restricted.

#### DOMESTIC FLIGHTS R N A C SCHEDULE, 1971/72

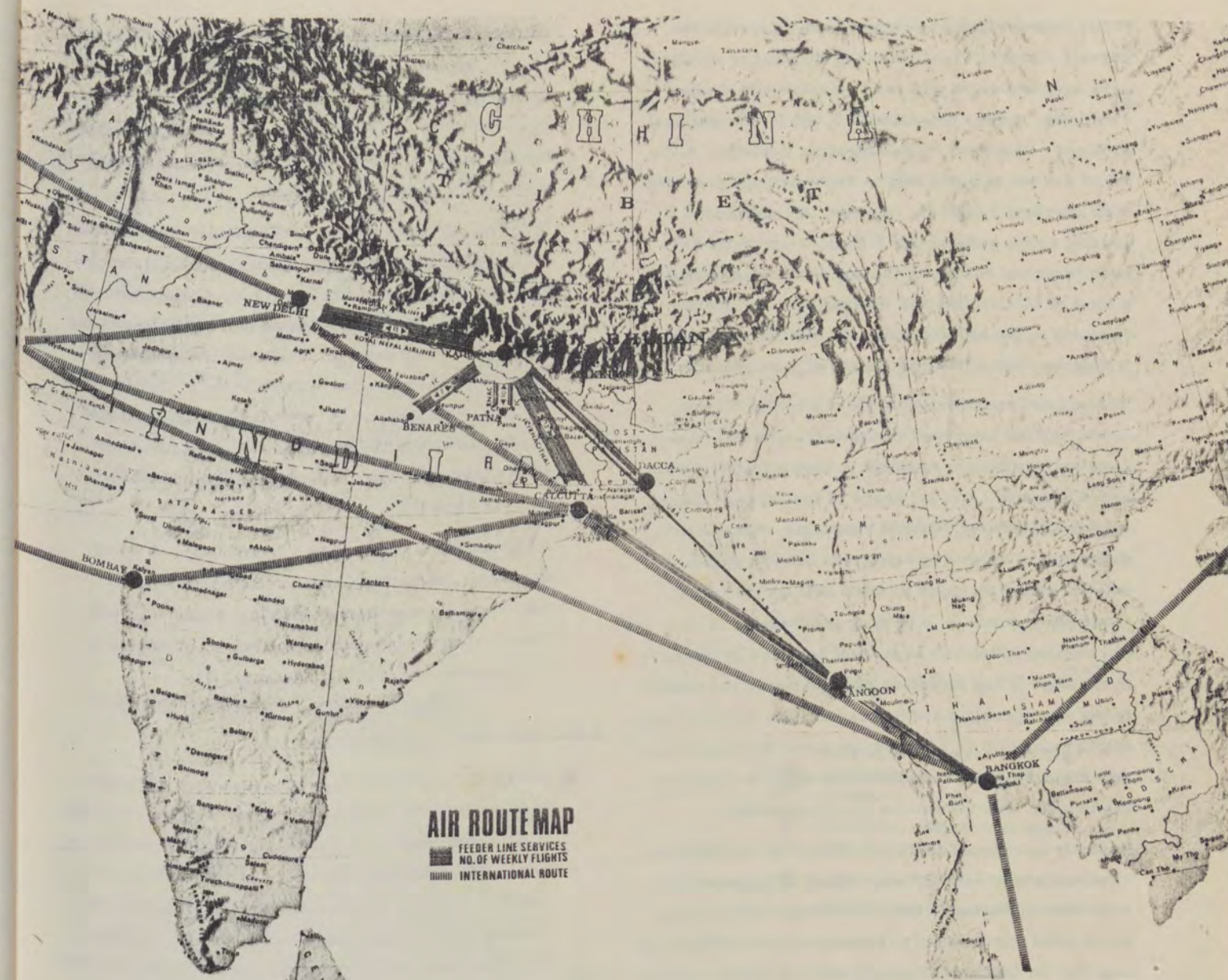
KTM to	DAY	KTM to	DAY
Bhadrapur	■	Janakpur	■
Bhairava	■	Meghauli	■
Bharatpur	■	Nepalgunj	■
Biratnagar	■	Pokhara	■
Dang	■	Simra	■
Dhangarhi	■	Surkhet	■
Gorkha	■		

Source: IATA

The Fourth Plan provides for considerable improvements in civil aviation. A six million dollar loan and 350 000 dollars on a grant basis will be made available by the Asian Development Bank. The Australian Government assists in the improvement of navigational aids and communication installations.

Tribhuvan Airport will be developed to the standard of an international airport with runway extension from 6,600 to 10,000 ft., night-flight installations, long-range VHF repeater, beacon and short range ground approach systems, terminal facilities will be expanded to meet the increasing passenger volumes. On completion of the programme during 1974, the aerodrome will be suitable to accommodate large jet aircrafts of the Boeing 707-type (with reduced payload).

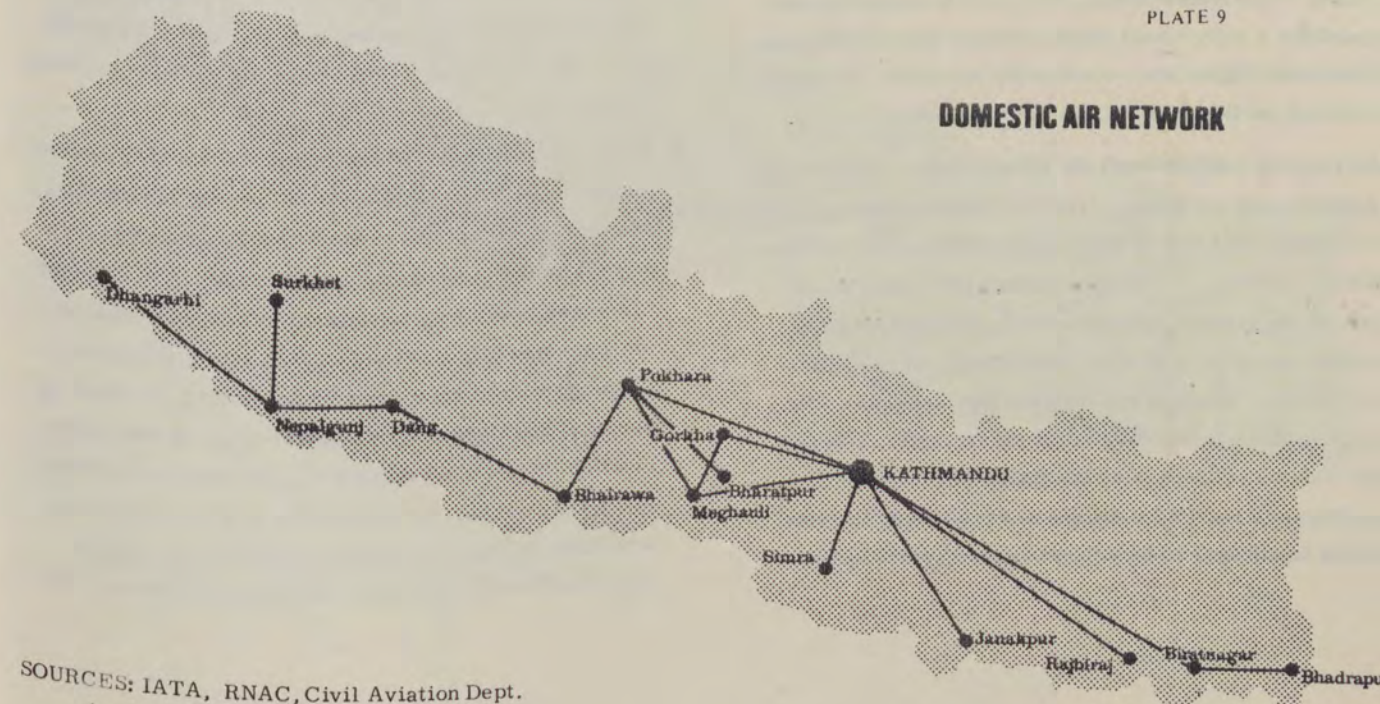
Airports will be relocated and/or reconstructed at Simra, Pokhara, and Nepalgunj; Simra is then to function as an alternative airport to Tribhuvan in case the latter cannot be operated; it will therefore be provided with a 7,500 ft. runway. Pokhara which is the second busiest airport after Tribhuvan will have a new 5,000-foot-runway. Likewise, a new airport is scheduled for Nepalgunj in the western Terai.



AIR ROUTE MAP  
FEEDER LINE SERVICES  
NO. OF WEEKLY FLIGHTS  
INTERNATIONAL ROUTE

PLATE 9

#### DOMESTIC AIR NETWORK



SOURCES: IATA, RNAC, Civil Aviation Dept.



Other improvements to airports are planned in the current National Plan, including Biratnagar and Bhairava airports which will have refurbished terminal facilities, runway extension to 5,000 ft, navigational aids and improved communication facilities. A total of 8 other airports will be renovated and provided with standard 3,500-ft. runways. An additional 16 landing strips suitable for S.T.O.L. aircrafts have been proposed so that by the end of the Plan period a total of 40 airfields will be available for use particularly in the hill and mountain regions where air transport often is the only means of transportation.

The gradual replacement of DC-3's by HS 748 aircrafts and the improved navigational aids and communication facilities is expected to induce traffic growth and will enable extended hours of operation in the domestic air service. Present passenger volumes are estimated to amount to more than 200 000 annually with an annual increase of some 30% during recent years. Still, much is to be done particularly in the hill regions which are at present serviced by three airports only. It has therefore been proposed to gradually put into operation a scheduled service by small aircrafts using S.T.O.L. airstrips along the major north-south growth axes and thus connecting the Terai urban centres with the remote hill communities.

Recently introduced additional flights on the Kathmandu-Pokhara route have greatly helped to increase the visitor flow to Pokhara. Other domestic routes are as yet of little significance to international travellers, except for the flights to Meghauri serving visitors to the "Tiger Tops Hotel" there. R.N.A.C is operating successfully a daily round flight to Mount Everest Region. Chartered flights are occasionally operated for small trekking parties to and from the mountains.

- As regards **international air links**, access to Nepal is at present only via Indian airports; this dependence was drastically felt during the recent crisis on the subcontinent. Although Tribhuvan Airport will - on completion of the planned improvements - attract additional traffic operated by foreign trunk lines, it is due to its peculiar location and high altitude unsuitable for large-scale operation by large jet aircrafts. Passenger volume projection by the Asian Development Bank anticipate a ten-fold increase in numbers up to 1980 which is unlikely to be accommodated by Tribhuvan

Airport taking into account such factors as the reduction in payload owing to locational disadvantages as well as air and noise pollution in the Valley. It is therefore unlikely that the airport can be operated economically other than as a feeder line airport connected to the international trunk routes.

In order for Nepal to attain autonomous international air linkages and, hence independent tourist flows, an alternative airport will have to be developed with direct access to the international routes. Proposals for an alternative airport location in the **Simra** area have been put forth some years ago and the project is now to be studied in detail. It envisages an international aerodrome in the Terai at about 80 air kilometers from Kathmandu with fast surface transportation linking the Capital.

It is evident that this project would have a decisive impact on international tourist flow to Nepal as it would open up new dimensions for chartered group travel to the country which would then be enabled to play an autonomous role in Asian tourism.

### 1.3.3 COMMUNICATIONS MEDIA

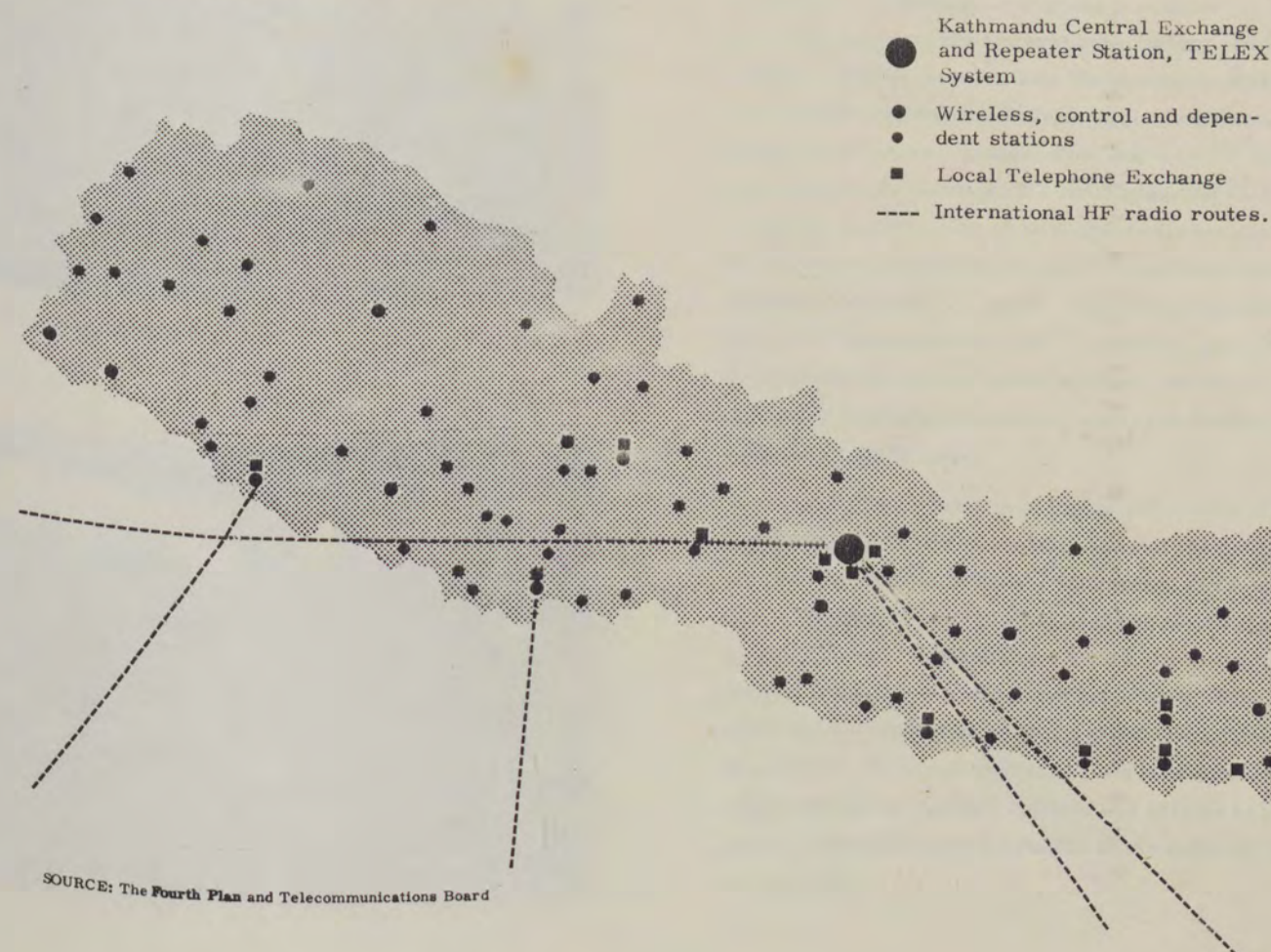
- **WIRELESS** communication is available in the majority of the District centres throughout Nepal, consisting of **HF radio** routes with area control and dependent stations. **TELEPHONE** service is available along the Kathmandu - Tansen - Bhairava route and the Kathmandu - Birgunj - Biratnagar - Dhankuta route. Local telephone exchange thus far exists only in the Valley of Kathmandu. **INTERNATIONAL SERVICE** at present consists of HF radio routes linking Kathmandu with Rawalpindi, Delhi, Calcutta, and Dacca; two teleprinters are in operation.
- A new international **TELEX** system is now nearing completion; it will link Kathmandu to the world trunk lines, and thus cater for the needs of Nepal's expanding trade as well as the increasing demand of the travel industry which was previously impeded by the absence of booking and reservation systems. The system is designed for a capacity of 300 lines with an initially installed capacity of 100 lines. Other improvements in telecommunication include the establishment of local telephone services in 14 towns, the installation of a micro-wave system along the east-west route which will provide for needed direct international connections at present con-

ducted through Kathmandu only. The link will be run from Pokhara to Jhapa in eastern Nepal. Improved HF links are planned from Kathmandu to the west of Nepal.

- **Radio Nepal** broadcastings in Nepali are received throughout the Kingdom; radio plays an important role in transmitting news and information to the remote hill and mountain communities and thus helps strengthen the ties with Nepal's remote interior. Daily newspapers are published in Kathmandu in Nepali and in English. Of the dailies, the "Gorkhapatra" has the largest distribution (12 000), while "The Rising Nepal" is the most widely read English daily with a circulation of 3 000. Weekly newspapers are available in Kathmandu in both languages, as well as monthly and quarterly journals.<sup>2</sup>

PLATE 10

### TELECOMMUNICATION FACILITIES, EXISTING & PLANNED



SOURCE: The Fourth Plan and Telecommunications Board



## 1.4 SURVEY OF VISITOR ATTRACTIONS

The accompanying map (Plate 15, page 57) indicates Nepal's visitor attractions and their regional distribution; the map is based on information gathered during extensive field surveys and available information from various other sources so as to provide as complete a picture as possible to date of the country's potential resources for tourism. Its aim is to provide a basic guideline in order to direct the development of these resources both short- and long-term. Visitor attractions have been grouped into two categories:

- **Natural attractions** resulting from physical, climatic and ecological features,
- **Cultural values** brought about during history representing features of touristic interest such as the people, their temples, historic monuments, art treasures and festivals.

While these attractions and values constitute the fundamental elements for tourism development, their economic value is derived from the economic utilisation of these resources. Tourist attractions cannot be taken to the market, people must come to the site. Accessibility is therefore the most essential factor while the economic use of the resources is determined by the other component elements of tourism industry outlined previously. Finally, marketing is needed to bring the visitors to the site. Therefore, an individual tourist attraction, taken by itself and not supported by component elements, may have little or no economic significance.

Tourism in Nepal today is of highly different and diversified nature, including international tourism (and its various types of cultural, sightseeing and mountain recreational tourism), regional and domestic travel and pilgrimage. International travel, on which this plan is primarily focused, also takes several quantitative forms such as individual, group and large-scale charter- (or mass) tourism. It follows that the survey of tourist attractions reflects and relates to the relevant motivation and expectation of the different types of travellers.



© MOUNTAIN TRAVEL

KATHMANDU VALLEY



© Cottage Ind &amp; Handicrafts Emporium Kathmandu

POKHARA VALLEY



CENTRAL HILLS



### 1.4.1 NATURAL AND SCENIC ATTRACTIONS

Scenery and beauty of the natural environment are regarded the raw material for tourism. Owing to its geographical setting, Nepal displays an environmental spectrum of unmatched variety ranging from the tropical jungle belt in the south to the high alpine regions and the arid landscape of the Tibetan Plateau; inbetween these extremes ly regions abundant of extremely scenic landscapes embracing a richly varied wealth of recreational resources. It is this unique setting which features some of earth's most spectacular tourist attractions. The magnificent mountain mass of the Himalayas is a lure not only for world's mountaineers but also represents a fundamental asset to recreational use and an important facet for cultural tourism. The mid-altitude regions set against the snow-capped peaks and comprising the traditional zone of Nepalese culture and civilisation offer a scenic potential suitable for recreation-oriented tourism.

Contrasting and tropical, the Terai plains provide habitat for a rich variety of wild life including big game. Other valuable assets to recreational use are the country's natural forests, streams and lakes offering recreational activities such as boating, fishing and hunting. Natural and recreational resources singled out for attention in this context are:

- Extremely **scenic areas** offering favourable climatic conditions, and holding recreational potentials suited for hill and mountain **resort development**.
- **Wildlife resources** in the various regions of the country including discussion of such aspects as forest and watershed protection, wildlife conservation and management, hunting and fishing resources.
- **National Parks** development in selected areas in the Himalayas and the Terai.

It is clear that the survey does not represent a complete and comprehensive analysis particularly in the field of wildlife resources where only few and unreliable information exist. Much of the information used stems from surveys carried through by FAO and Ministry of Forests as well as a number of other competent sources.

The fact that wildlife and other natural resources such

as forests and water have been given considerable room in this context should, however, not lead to overestimating their significance for tourism. Hunting & fishing are recreational activities which would attract only a limited number of visitors. Yet, wildlife resources provide an indication of the general recreational value of an area reflecting its status of environmental condition and, hence, potential use for resort development, wildlife being a facet which adds to the attractions offered by an area but would not create those.

Remoteness and inaccessibility, apart from the inhospitable and often forbidding nature, have preserved large areas of unique wilderness in Nepal which provide a potential for recreational use. But, while in similar zones such as the Alps in Europe or the Colorado mountains in North America, remote mountain areas are increasingly subject to recreational pressure from adjacent densely populated industrial regions, the very economic value of the Himalayas is quite different since both accessibility and nearness to markets are almost non-existent. To preserve the inherent potential for future economic use is therefore the most important current policy, particularly in view of two foreseeable trends in demand:

- growing recreational demand from the Indian sub-continent following the increase in standard of living and leisure time is expected to constitute a potential economic force that will give rise to mountain recreation
- increase in world tourism and the anticipated trend towards activity-oriented vacation; mountain recreation in the Himalayas could provide an alternative form of this type of vacation which is today entirely focused on seaside recreation.

Following the more detailed discussion on the present and foreseeable situation in the world and regional markets presented in the ensuing chapter, the Plan then outlines a strategy aimed at developing Nepal's natural and recreational resources in the short- and long-term periods. (Section 3)

#### a) SCENIC AND RECREATIONAL POTENTIALS

Scenic areas and routes identified in the accompanying map are largely in the mid-altitude zones of Nepal with a relative concentration in the Central Hill Complex which features an outstanding scenic wealth



Pokhara Lake beneath Annapurna holding one of the finest scenic & recreational potentials



Beyond the Annapurna Massif stretch the arid Inner Himalayas, clearly Tibetan in culture and economy

Sheltering a wide array of wildlife such as tiger, rhinoceros, bear, deer, and leopard, the tropical Terai jungles are ideal for big game and photo safaris

Mountain creek carrying snow-fed waters south and providing access to earth's most fascinating mountain world





and ever-changing landscapes ranging within close proximity from deep river gorges to lofty peaks rising as high as 10 000 ft above terrace cultivations and large areas of forests. Snow-peaks rise in the north of the hilly region which is dotted with picturesque hamlets and villages framed by pine and rhododendron forests.

Accessibility is the most crucial factor in developing recreational resources and creating viable resorts from which economic benefits can be derived. A basic transportation infrastructure exists to date only in the Midlands between Kathmandu and Pokhara, north-south feeder roads are planned in the eastern and western hills thus eventually opening the possibilities for tourist flow. Basically, two types of travel exist - motoring and hiking. Hiking not only requires considerable time to spend but also depends on the health, abilities and inclinations of the traveller; this type of travel is further narrowed down by the fact that mountain trails and camping sites can accommodate only a certain number of hikers, should this activity be not defeated by overcrowded trails and lodgings.

The prospects for resort development are greatest in the hill regions where altitude, topography and climate provide ideal conditions for recreational activities:

- **KATHMANDU VALLEY** Kathmandu Valley, cradle of Nepalese culture and civilisation, is the largest valley in the Midlands and undoubtedly the most beautiful. The valley holds a tremendous wealth of artistic and cultural treasures within its exotic setting framed by the surrounding evergreen hills and distant snow-capped peaks. On the fringes of the 15-by-20-mile vale lie numerous hill stations such as Nagarkot, Shiopuri, Phulchoki, Kakani and Dhulikhel which, once better accessible and developed offer fine possibilities for resort areas. Numerous scenic spots exist in the Valley which attract large numbers of week-end hikers. Without question the scenic attractions of the valley, together with its cultural resources is single and outstanding in the world. Most of these resources are as yet largely untouched, they could - once developed and supplemented by recreational and entertainment facilities - add greatly to the needed extension of the stay especially of cultural-oriented visitors.

- **POKHARA** Pokhara and its surroundings hold many natural attractions and recreational resources suited for resort development, owing to its lakes and close proximity to the Annapurna and Dhaulagiri Himal. Machhapuchhare, the "fish-tail" peak, with its bold pyramidal shape one of the most beautiful peaks in the world, stands close to the town. Pokhara is now



KATHMANDU Valley and City, the vale viewed from Nagarkot (above). The photo below shows the densely built up core area with the mountain ridges enclosing the valley and distant snow peaks in the background.



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The Trail to the foothills of the Annapurna Himal unfolds an exceptional scenic wealth. Mottled by clouds, Machhapuchhare, the fish tail peak dominates the Pokhara area



Bird's eye view of the Pokhara group of lakes





equally well accessible by road and air from Kathmandu. Lying only at 2500 ft. Pokhara has a temperate climate and high precipitation. Recreational activities range from swimming, boating or fishing in Phewa Tal the largest of a group of four lakes, to hiking in the northern slopes of the Himalayas. Ample opportunities exist for camping in the scenic surroundings; mountain travellers and expedition to the great Himalayas start out from here. Pokhara is the tour base for trekking along the Kali Gandaki trail to Jomsom which receives more than 1000 hikers annually.

- **CENTRAL HILLS** Half-a-day's drive south of Pokhara lies Tansen a typical hill area with a busy ancient bazar street and several historic sites. Located some 50 miles north of the Indian border it offers travellers from the south a first view of the snow peaks. Tansen is a charming example of typical village life in the Midlands. Scenic attractions are numerous including camping, fishing and watching wildlife.

Off the Kathmandu-Pokhara highway lies Gorkha on a hill overlooking the scenic beauty of the Midlands, a fine observation location that provides excellent views of the snow peaks. Ancient Gorkha is the ancestral home of the Shah dynasty, the founders of modern Nepal.

Numerous other areas in the Central Hills hold fine scenic attractions and recreational resources which can be developed as the transportation network expands. Potential areas include Helambu, Trisuli, Sun Kosi Valley, Charikot lying on the Everest trek, Ramechhap, and most of the hill areas surrounding the Valley of Kathmandu toward the south and west. Motoring travellers in the Central Hills will particularly enjoy the grand scenery of the land along highway routes which are undoubtedly some of the most beautiful in the world.

- **WESTERN HILLS** The Western Hills which are more rugged than in central and eastern parts hold numerous attractive places for resort locations, among these are Dhandeldhura, Dailekh and Silgarhi Doti in the Mahabharat Lekh, and Jumla lying in the north-western corner. North of Jumla lies spectacular Rara Lake, "a sparkling sapphire set at almost 10000 ft., the largest lake in Nepal" with crystal clear water that teem of fish, tourists would find paradise<sup>3</sup>, if only it were easier to reach. Numerous other interesting places are located in the remote and roadless west, the northern parts of which feature much of the arid Tibetan Plateau stretching beyond the Great Himalayas.

- **EASTERN HILLS** In the Eastern Hill complex lie many ancient trading and market places offering fine recreational resources and scenic attractions. Okhaldunga is considered one of the most scenic spots in the east, though there are numerous other areas that offer attractions, among these are Dhankuta, Aishyalukharka in the Dudh Kosi Valley, Dingla located high above Arun river, further south by Chainpur and Bojpur on the mid-altitude ranges paralleling Arun River. Ilam in the far east is set amidst large tea estates and orange plantations, a busy market place and the centre of Nepal's growing tea industry.

Most recreational resources in the remote interior lie largely undiscovered and it would require detailed regional surveys to explore and identify the various resources which can only be briefly highlight



VILLAGE IN CENTRAL NEPAL



TANSEN

RARA LAKE



ted in this study based on the available sources of information. There exists however ample evidence of a wide array of recreational resources in the Midlands, such as wildlife and game, fish, mountain streams and scenic lakes, and excellent climate; agriculture is yet another scenic facet of the landscape embracing orange cultivations and the characteristic terrace field which add to the unique scenery.

#### b) WILDLIFE AND GAME

Reportedly, "the rolling forested hills and broad dun valleys of the Terai boast a richer and more varied fauna than almost any other area in Asia" and offer the opportunity to see elephant, rhinoceros, buffalo, gaur, tiger, leopard, bear and "no less than five members of the deer family in addition to the ubiquitous wild boar, monkeys and other creatures." With the coarse 15-foot-high elephant grass, the Terai lowlands feature much similarity with the East African wildlife regions.

North of the lowlands and the rugged ridges of the Churia Range where the great rivers break out from the Mahabharat mountains, the Karnali, Narayani and Sapt Kosi rivers and their tributaries offer abundant fishing waters for anglers. Opportunities for sports-fishing are almost everywhere in Nepal: In snow-fed mountain streams and lakes in the Great Himalayas, or further down-stream amidst the fine scenery of the Midlands along beautiful waterfalls and gushing cascades. Fishing in these rivers depends primarily on trout of which there are many species.

Wildlife resources in the Midlands are generally less rich than in the lowlands, apart from birds of which "there are a considerable variety; there are however wild boar and barking deer in areas not encroached by cultivation.

The lower slopes of the Great Himalayas shelter a variety of wildlife, including Himalayan bear, serow, goral, barking deer, wild boar and Himalayan tahr, "the rich and varied avifauna includes several spectacularly beautiful pheasants, among them the Monal, Nepal's national bird."

The inhospitable wilderness of the deep uninhabited valleys of the Himalayas, densely wooded with pine, oak and rhododendron, shelters many species of wildlife which "had no natural enemies but the snow leopard and where as yet relatively secure from hunters with modern precision rifles."

Fishing Nepalese style





Quite different the situation in the Terai where until recent times "great organized hunts were held in the course of which it was not uncommon for thirty rhinoceros and as many tigers to get killed in a single shot". Apparently there was sufficient abundance of game to replenish the stock that found an "ideal habitat in the virgin jungles stretching throughout the Terai untouched by man. The situation rapidly changed with recent malaria eradication and settlement programmes in the course of which large forest zones were cleared for agricultural settlement which then occurred without control resulting in the destruction of vast areas of forest; wildlife resources were further eradicated by diseases carried by the ever increasing number of domestic animals.

Today, wildlife in the Terai is declining at an alarming rate and some species are "doomed to early extinction unless urgent and drastic action is taken" to save especially the few remaining Asiatic bison, tiger, and rhinoceros of which there are now no more than "about 500 of this species in existence anywhere in the world".

● **PRESENT WILDLIFE CONSERVATION** Government action so far has been limited to the recruitment of Wildlife Officers and armed guards, the establishment of Sanctuaries and Shikar Reserves, and the introduction of more stringent hunting regulations. However, these measures are solely focused on protection against hunting which alone do not secure the survival of wildlife. Knowledge and experience in wildlife conservation and planning are as yet lacking and action so far has not prevented the further decline in wildlife as evidenced in the Chitawan area where -though declared as Nepal's first National Park - habitat is "now much degraded and there is little wildlife left" because neither poaching and extensive grazing by domestic animals nor grass burning were effectively stopped. At present, wildlife and forest protection officers in the Terai are stationed in the Districts of Kanchanpur, Bardia, Banke, Nawalpur, Chitawan, Birgunj and Morang.

Sanctuaries and Royal Shikar Reserves came into existence in several areas, among these in Tappu (Morang District), in Sukla Phanta (Kanchanpur District) and in the Gosainkund area.

Despite the losses sustained in recent years "Nepal still has sufficient areas where wildlife survives in relative abundance and variety and where with proper ma-

nagement and planning it would be possible to provide for the needs of both conservation and tourism through the development of Preserves and National Parks. If this is to be achieved, wildlife must necessarily first be recognized not only as a natural resource for tourism but also as a valuable national heritage. And, although tourism may eventually provide for the economic use of natural resources, this does not answer the inevitable conflict between the aims of preservation and the needs for agricultural land unless rational cost/benefit analyses are employed on a regional basis determining the economic impact of either investing in the preservation of natural values or to place priority on agricultural needs. This necessitates, however, more and better sources of information in the regions than exist to-date. Until then, the correct policy appears to lie in the selection of a few preservation areas that offer suitable potentials both in terms of resources and economic use.

● **SELECTION OF PRESERVE AREAS** Ecological surveys have been proposed by FAO studies in areas where the future establishment of National parks and preserves might prove desirable, including such areas as Tappu (Sapt Kosi), Jumla/Lake Rara, Humla, Dolpo, Bardia and Sukla Phanta. For the purpose of the present Plan it is felt that apart from the findings of the ecological surveys yet to be carried out - the creation of fully developed National Parks would be justified only in areas where in the foreseeable future a certain amount of visitors flow may be expected so that economic benefits can be derived from required investments. This policy would, however, not preclude that preparatory surveys, conservation and management measures are undertaken in more remote areas which would with the expansion of the transport infrastructure attract visitors. Surveys should be undertaken to determine the suitability or otherwise for Preserves or National Parks in areas identified in the accompanying map.

● **HUNTING RESERVES** should be selected and, wherever possible, managed in conjunction with Preserves and National Parks, the latter serving as reservoirs for replenishment of game stock in adjoining hunting blocks. As indicated in the map, possibilities for sport-hunting and fishing exist almost everywhere

rywhere in Nepal - though most of them lie in remote areas inaccessible to overseas sportsmen. Hunting parties are being organized though their continuation can hardly be recommended unless and until appropriate and reliable data on the status, distribution and habitat requirements of larger mammals exists in the various regions and as long as out-put and in-put of wildlife are not effectively controlled, managed and organized.

#### c) NATIONAL PARKS DEVELOPMENT

Approval has already been given for the establishment of three National Parks and a three year project plan has been set up for National Parks in Chitawan, Langtang/Gosainkund and Sukla Phanta. The plan provides for needed accessibility and accommodation facilities in the form of lodges, the provision of trained and experienced wardens and experts in the various fields of conservation management and education, Ecology and sport-hunting. With the development of the three Parks during the forthcoming years, sufficient personnel and experience should be readily available for survey and establishment of National Parks in other areas of Nepal.

Creation of National Parks in Nepal, in addition to safeguarding the unique natural resources, can play a major role in development of the tourism industry in the country. In the Terai Parks the first aim is to protect wildlife resources seriously threatened by agricultural encroachment, deforestation, poaching and other human activities; investments in Parks development present a long-term investment in preserving most valuable tourist attractions the economic use of which should, however, not be overestimated in the near future.

The situation in the high mountain areas is quite different. The high alpine areas are usually not suitable for agriculture, the human population is limited to "a small number of semi-nomadic pastoralists who have lived in harmony with their environment".

Here, environmental conservation fulfils several purposes; the conservation of soil, environmental control and forest and watershed control opens new possibilities for local income through employment opportunities in National Parks management, forestry, hunting and fishing, and - ultimately - tourism. Quite different, then, from the Terai, National Parks in the Great Himalaya appear to present the only feasi-

ble source of local income to raise the standard of living in the local communities through economic use of mountain recreational resources.

As a long-term policy for National Parks development it is recommended to establish Parks in the Langtang, Khumbu, Annapurna & Dhaulagiri areas where both from present and foreseeable tourist flow and accessibility sufficient justification exists. These locations are included in the accompanying map indicating their provisional delineation.

Following is a guide to National Parks planned and proposed in this study discussing their attractions and potential value for tourism as well as needed improvements such as tourist catering and lodging facilities, route patterns and other items.

● **LANGTANG** The Langtang National Park includes Langtang Valley and the Gosainkund Plateau; it lies some 40 air miles north of Kathmandu and between 5 and 15 miles south of the Nepal-China border; Langtang glacier provides a natural barrier to the north. The Park includes several Sherpa villages, the Gosainkund group of lakes which consists of some 20 lakes of varying size at an average altitude of 14,000 ft.; the main lake is considered sacred and is the site of an important festival. The Park would extend as far south as Tarke Ghyang, it would initially cover an area of approximately 300 sq. m.

The lower parts of the Park are well wooded with silver fir, hemlock and oaks, with pine appearing below about 9,000 ft. In higher altitudes, vegetation changes between typical high alpine grassland and "the inhospitable wilderness of jagged peaks, and precipitous ridges accessible only by narrow mountain paths". The Park offers vistas of an impressive array of spectacular snow peaks ranging from 18,000 to 24,000 ft. in height.

The fauna includes the snow leopard, the Himalayan black bear, wild goats and sheep such as the thar, goral, barking deer and red panda occur in some of the forested areas, the yak can be seen everywhere. The avifauna is both more varied and visible and includes lammergeyer, alpine choughs, snow pigeon, dipper and others. The people of the area are Buddhist and do not hunt. The area has been declared a Royal Shikar Reserve, public hunting is prohibited.

Langtang Valley is regarded as one of the most charming examples of high alpine natural beauty. As yet visitors do not come in large numbers as the journey afoot takes a minimum of 5 days when starting out from Trisuli Bazar and not less than 8 days from Sundarjal via Helambu and Tarke Ghyang; the latter route via Ganja La pass is blocked by snow November through March. Travel time will be reduced to 2 to 3 days on completion of the planned road linking Dhunche with Kathmandu via Trisuli Bazar. Langtang and Gosainkund will then be within easy reach from Kathmandu and the present number of approximately a thousand visitors annually is expected to rise considerably re-





MOUNT EVEREST (SAGARMATHA) PEAK

quiring new and better lodging and camping facilities.

● **KHUMBU** The Khumbu Himal is the land of world famous Mount Everest and the hardy mountain folks of the Sherpas, both largely accounting for Nepal's image or identity in the world through numerous films and articles in the international media. Probably no other area in the world has received so great an interest and publicity ever since the great expeditions started out in the early 50ties to conquer earth's tallest peaks of which there are more than ten over 24,000 ft. Though, named the "third pole" the Khumbu region also embraces an outstanding uniqueness of charming alpine landscapes and a beautiful mountain scenery in altitudes below 14,000 ft only a few miles from the arctic tundra and the large glaciers. There is probably no other area on earth to match the dramatic changes in elevation and vegetation, ranging from tropical deep river gorges to the bizarre snow peaks. The attractions of the area are manifold including the typical Sherpa villages of Khumjung (at approx. 12,400 ft) and Namche Bazar (11,300 ft) featuring the unique Buddhist culture of the Himalayas of which the Thyangboche Lama monastery is an outstanding example in architecture and fresco painting situated in lofty heights, where rewarding walks can be made along the 13,000 ft range; probably the greatest lure of the area are the Khumbu icefalls which come into full view beyond the terminal moraines; there, the base camps of the different Everest expeditions stood still to be recognized.

Recreational activities are abundant as the high mountain world offers ever-changing vistas and walks will suggest themselves through alpine forests, yak pastures or ascending small peaks, bathing in crystal snow-fed streams that teem of trout or enjoying Sherpa cooking are some of the numerous attractions which add to the visitor's enjoyment.

Trekking to Khumbu is an attraction itself when walking across the scenic beauty of the Midlands up to the high mountain ranges covered with pine and rhododendron and unfolding the panorama of the Himalayas. The classic route to the Everest region used by all expeditions starts out from Kathmandu in eastern direction via Charikot and takes an average of 15 days until Namche Bazar is reached at the upper Dudh Kosi Valley which is one of the most beautiful valleys in the Himalayas.

Two landing strips suitable for S.T.O.L. aircrafts exist, one at Lukla at 9,200 ft, the other at Mingbo at 13,000 ft. Chartered flights are difficult due to weather conditions and rather expensive for the average visitor. A hotel has been constructed at 13,000 ft on a ridge south of Khumjung village and off the track between Namche and Thyangboche. "Everest View Hotel" is situated on one of the best view points of the area, however, its price level (US \$37.50 per day incl.) is beyond the reach of most visitors. Hotel guests are flown into Lukla with an airstrip to serve the hotel presently under construction nearby.

An estimated 2,000 visitors have come to the region during 1970/71 and there exists now an urgent and pressing need for appropriate catering and supply installation as well as control as growing numbers of inexperienced, ill-equipped and -supplied hikers are lured up to the glaciers endangering their lives and the lives of others. Basic provisions such as simple lodges, supply depots, improved and better maintained and managed camping grounds apart from improved medical, and

## Mt EVEREST (SAGARMATHA) REGION

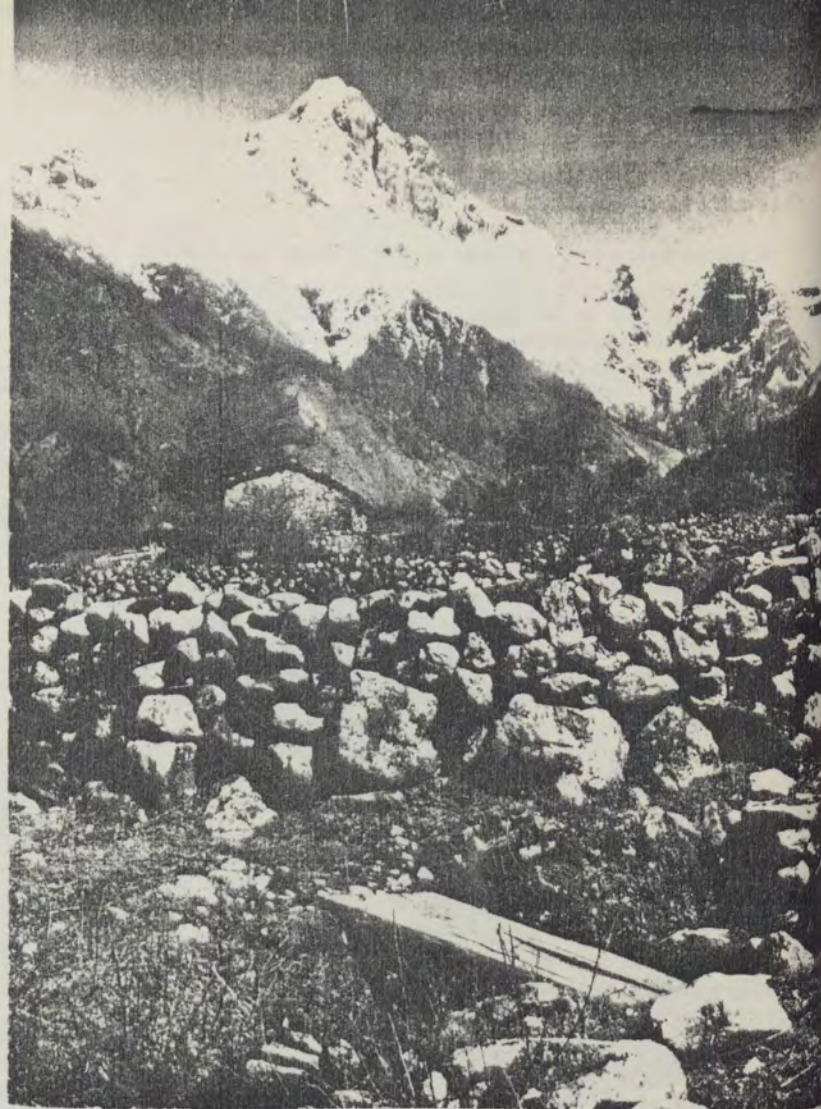


reproduced from map at scale 1 inch to 2083 ft  
edited by Deutscher Alpenverein, Österreichischer Alpenverein & Deutsche Forschungsgemeinschaft, 1957

THYANGBOCHE Lama Monastery with 22,500-ft Ama Dablam peak in the background







The landscape beneath the 24,000-ft LANGTANG HIMAL is typically alpine in scenery and vegetation. The area is designated Nepal's first Himalaya National Park.



KHUMBU HIMAL, Land of Mt Everest and the Sherpas - the aerial photo showing the southern approach to the massif with the Sherpa village of Namche Bazar sheltered in the foreground; the 16 kilometre Khumbu Glacier flowing out of the mountain mass originates between the 25,500-ft Nuptse and the 29,028 Mt Everest peak, at its terminal moraines stand the historic expeditions' base camps still visible today and the biggest lure to trekkers.



MUKTINATH



MACHHAPUCHHARE PEAK



telecommunication facilities and emergency services are badly needed in order to safeguard the present flow of visitors and to attract more.

Wildlife conservation, forest protection and management are equally needed to preserve the unique natural resources, the loss of which would not only be a serious blow to Nepal but to mankind. It is therefore suggested that the region is located administratively in the proposed Department of National Parks which would start immediate surveys and field investigations in the Thyangboche and Khumjung area to identify and delineate the first stage of the proposed National Park. It is hoped that once plans have been drawn up by the Department for needed basic installations, international assistance for financing and execution will be made possible particularly from countries with a traditional interest in the Mount Everest Region.

Although economic opportunities would be created for the local Sherpa communities through the National Park, a material betterment of the regional economy cannot but be induced through road connection with the south. The Khumbu area has potentialities to grow high quality agricultural products, but, as always, the absence of transportation infrastructure prevents development. Consequently, road links from either the Metropolitan or Kosi Growth Axis is essential to accomplish economic growth in this area.

Improved agricultural production to supply both the local tourist plant and outside markets is - together with tourism - regarded a way to achieve this end.

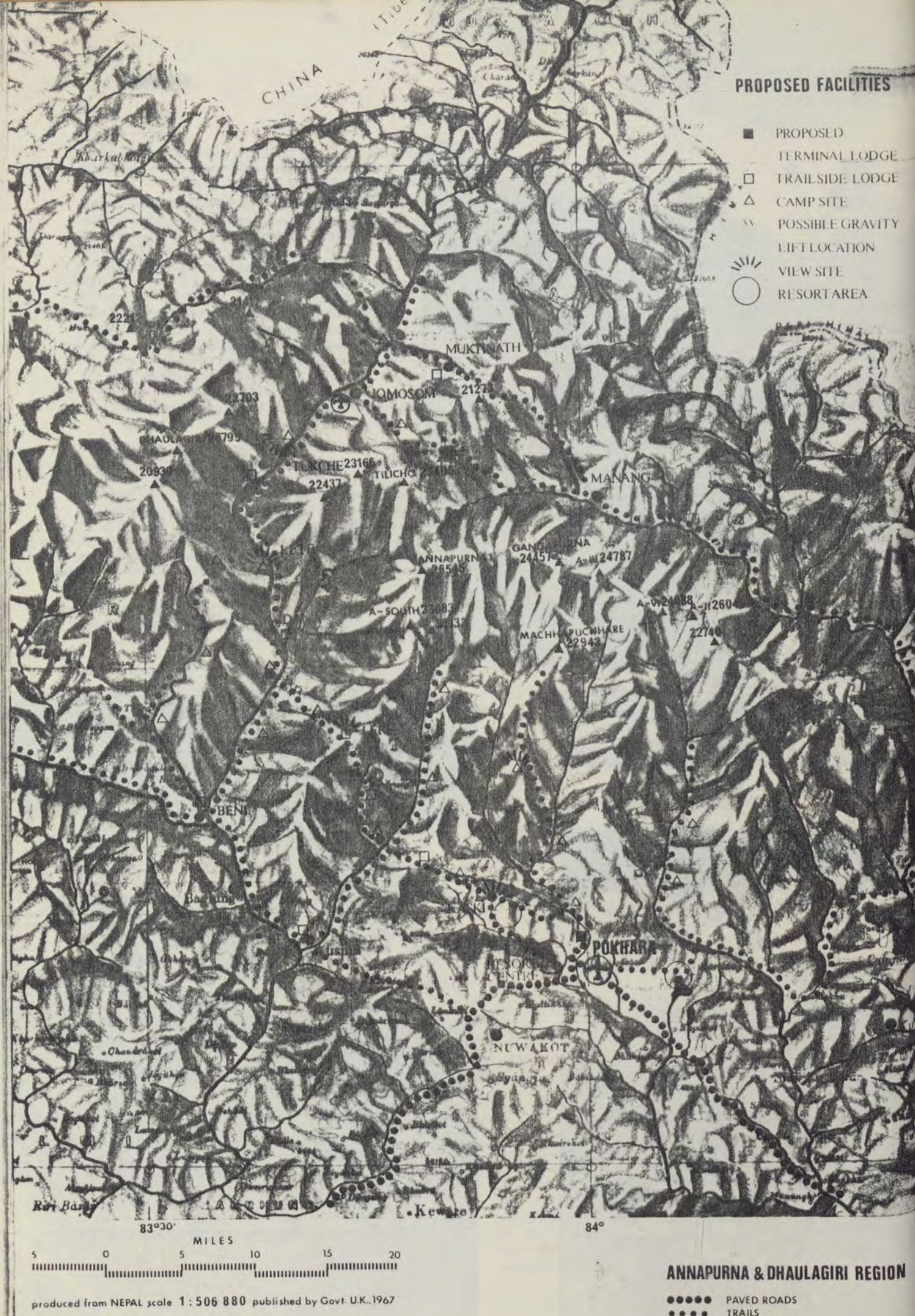
- **ANNAPURNA & DHAULAGIRI** The recommended National Park would include both the Annapurna and Dhaulagiri main massif, the magnificent Kali Ghandaki Valley and some of the Transhimalayan areas of Mustang and Dolpo; it would also include the densely forested northern and southern shoulders of the Great Himalaya Range and in particular the headwaters of the rivers draining the massif southwards, comprising a probable total area of 1,200 sq. m. and almost 20 peaks with more than 20,000 ft. in height.

The Park would thus comprise an almost unique variety of ecological zones, climates and landscapes, ranging from the semi-tropical evergreen forest on the lower slopes of the massif, covered with rhododendron, oak and pine forests up to an altitude of about 8,000 ft. to higher elevations where they give way to dense conifer forests and from where a spectacular array of snow peaks and glaciers would be seen. The northern slopes, then, feature the characteristics of the dry and arid Tibetan Plateau which is beyond the influence of the monsoon rains. North of the unique townscape of Tukche visitors would observe a people and culture of typically Tibetan features.

The trail through Kali Ghandaki Valley is an outstanding attraction providing an easy and most convenient route through richly varied landscapes and scenery, picturesque villages and people of many different ethnic streams, or the beautiful hamlets amidst colorful rice paddies in the lower south, and the northern pueblo-like villages of which Marpha and Tukche represent outstanding examples in townscape and architecture.

The valley offers magnificent and dramatic altitudinal





differences as Kali Ghandaki River breaks out from the mountain mass dividing the two great massifs. 26,000-foot Annapurna and Dhaulagiri main peaks tower as high as 20,000 ft. above the valley bottom and represent probably the most spectacular break in elevation which may be viewed in the Himalayas. Numerous attractions and recreational resources exist along the main trail to Jomosom, including bathing in warm springs or tropical streams, wildlife watching, and walks along the northern yak pastures close to the ice falls. A particular attraction would be pony riding in the northern valley starting out from Tukche where the trail follows the widening valley, along ancient trade routes towards Mustang and on to Tibet which are still today used by colorful caravans as they have been a thousand years ago.

Touring the area north of Jomosom is, unfortunately, restricted to visitors. With an eventual opening of the area and the installation of appropriate trail-side control facilities, round tours could be organized via Mukti Nath and Manang back to Pokhara through Marsyandi Valley, and along the northern route around Dhaulagiri Himal across Dolpo. Both routes are suitable for early and late summer tours as they are outside the range of the monsoon rains.

Improved and higher standard catering facilities are needed to accommodate the ever-growing trekking parties along this scenic route. Initially, comfortable terminal lodges in the Jomosom-Marpha area would be required as this area offers numerous possibilities for shorter walks in the surrounding mountains and could be used as a half-way stop-over for the above-mentioned round tours.

Pokhara is the base centre for tours to the proposed Park which can be reached from there by several trails leading to the lower slopes of the Massifs. Trekking to Jomosom takes approximately 15 days starting

out and returning to Pokhara on the same route while the round tour via Manang would require an average 25 days. Rewarding short walks into the surroundings of Pokhara suggest themselves especially along the southern shoulders of Annapurna Himal where magnificent Machhapuchhare peak comes into close view.

● **CHITAWAN** Some 5 000 visitors are attracted annually by the Terai National Park and "Tiger Tops Hotel", a typical safari hotel situated on the southern banks of Rapti River in the Chitawan Valley; photo safaris are organized by the hotel for camera-shooting tiger, rhinoceros in Nepal's first National Park.

With the present conservation programme underway, it is hoped that the wildlife resources in the area can be effectively rehabilitated. The FAO cum Ministry of Forests project includes an initially developed total area of 240 sq. m. and provides for a network of jeepable roads as well as access roads to the Park, improvement of existing lodges and similar facilities. The Park lies at about 60 air miles from Kathmandu and is at present serviced by the Meghauri airport and connected to the east-west highway from Bharatpur which lies 15 miles north of the area.

Expansion of the Parks toward the east to include the densely forested Churia Range as far as the Birgunj-Simra highway seems feasible. This would provide for easier and more convenient access from the north-south highway and from Kathmandu. Surveys should be carried out to determine suitable locations for future tourist lodgings in the eastern (extended) Park where such facilities would be better reached and serviced from the Terai urban centres, thus creating more and lower priced accommodations for those visitors to whom the price level of Tiger Tops is beyond reach. The extended Park could then be included in a shorter tour programme operated from Kathmandu.





## 1.4.2 CULTURAL AND HISTORIC VALUES

Given the present situation where more than 90% of



PLATE 14

Nepal's tourist attractions are assembled in this map which has been based on information from the KATHMANDU VALLEY DEVELOPMENT PLAN, from surveys carried out by the authors, and a number of individual sources.

Attractions of the Valley of Kathmandu are shown in greater detail in PLATE 15

## TOURIST ATTRACTIONS

- |               |                  |                |                     |
|---------------|------------------|----------------|---------------------|
| NATIONAL PARK | OBSERVATION SITE | MOUNTAIN PEAK  | NATIONAL SHRINE     |
| PRESERVE AREA | SCENIC AREA      | Climbed        | HISTORIC MONUMENT   |
| WILDLIFE      | SCENIC ROUTE     | PEAK unclimbed | ARCHAEOLOGICAL SITE |
| GAME          | WATERFALL        | HIGH PASS      | FAIR SITE           |
| WINTER SPORT  | HOT SPRING       |                | MUSEUM              |



## 1.4.2 CULTURAL AND HISTORIC VALUES

Given the present situation where more than 90% of all international visitors are attracted by the cultural potential of Kathmandu Valley, it concludes that **cultural tourism** plays the most important role in Nepal. Cultural resources of potential use for tourism exist - though in less spectacular concentration - throughout the Kingdom which embraces a combination of northern and southern Asian cultures, representing no less than six major ethnic streams, a few dozens of dialects, three major languages and two religions.

Thus, as richly varied as its geographical and ecological features is the cultural heritage of Nepal. Potential resources for the various types of travel (domestic, international, pilgrimage) have been assembled including:

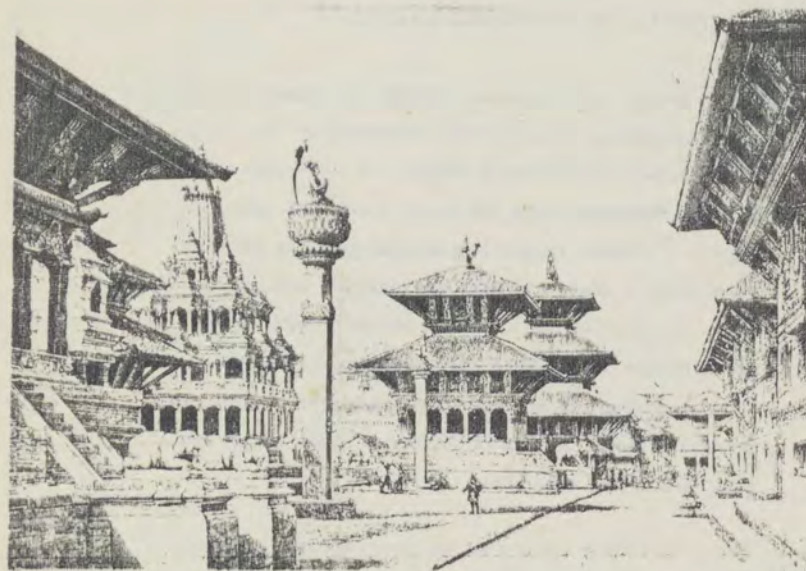
- **Historic monuments**, structures and sites of cultural, religious or artistic value, the great majority of these being in the Valley of Kathmandu.
- **National Shrines**, places sacred to Buddhism and Hinduism and poles for national and international pilgrims.
- **Arts and crafts** including the discussion of the present status of these cultural values, the situation of museums and curio trade.
- **Cultural activities**, festivals and ceremonies, cultural entertainment, folklore and similar features, the people and distinctively Nepalese style of life

The accompanying map indicates the regional distribution of cultural values though this indication merely provides a quantitative picture. It reflects the traditional population distribution in Nepal with a significant concentration in the Central Hill complex strongly focused on the Valley of Kathmandu, the traditional core of Nepalese culture. The following survey is intended to provide an outline summary of the various attractions using a few representative features, as a complete list would exceed the scope of this study. The importance of preservation of Nepal's cultural values has been given particular emphasis in this context.

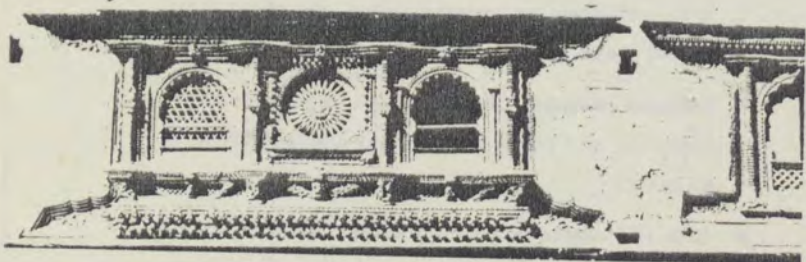
## a) HISTORIC AND CULTURAL BACKGROUND

The great religions of the East, Buddhism and Hindu





DURBAR SQUARE, PATAN a fascinating ensemble of pagodas, sikharas, facades and stone monoliths bearing fine bronze statues



PASHUPATINATH TEMPLE GROUP, Nepal's most important shrine dedicated to Lord Pashupatinath, the guardian spirit of Nepal - secret and forbidden to non-Hindus the temple area encloses sacred Bagmati River and shelters a wealth of rich architectural structures



ism, are worshipped by the people of Nepal in peace and harmony; "temples of both amiably stand side by side with some practices of faith tending to mingle" throughout the centuries, the old animistic belief, assimilated by the gods of **Buddhism** and **Hinduism**, has survived. "Ancient fetishes are still venerated and blood sacrifice persists."<sup>5</sup>

- **RELIGION** Religion is more than faith to the people of Nepal, it is rather a way of life, deeply rooted in cultural practice and "social customs are always visibly integrated with all human activities". Thus an early traveller to Kathmandu Valley was prompted to observe that "there were as many idols as man and as many temples as houses".<sup>5</sup>

"Although Siddhartha Gautama, eventually known as Buddha was born in the southern plains of Nepal, Buddhism and Hinduism came to Nepal from India." But it was here that they assimilated each others attributes and gave rise to the development of a unique civilisation and culture.

- **ETHNIC STREAMS** Cultural diversity among the regions broadly coincides with the altitude of the land. The people of the Terai lowlands stem from and are oriented towards the cultural pattern of northern India, while - at the other extreme - the mountain people of the Great Himalayas follow Tibetan cultural traditions in religion, language and economy. Between these marginal zones live people of Tibeto-Burman stock and the caste-stratified Indo-Aryan groups in the lower sub tropical life zones.

Of all the ethnic groups the **Tibeto-Burmans** (of which the Tamang, Kiranti, Newar, Magar, Gurung, Thakkali are the largest single groups) and the **Indo-Aryan** stream had the greatest influence in shaping Nepal's culture and history. "The impact of the Hindu rulers over the last two centuries has led to a gradual "sanskritisation" and the establishment of Nepali, the Lingua Franca of the Kingdom which has been developed from Gurkhali with borrowings from Hindi."<sup>2</sup>

Tibetan groups have in the course of history and immigration from the south retreated into the valleys of the Great Himalayas and the Inner Himalayan Valleys and, with the relatively recent influx of Tibetan refugees, it is there that Tibetan culture per-

sists and may be retained as Tibet has been eradicated as a cultural entity.

- **HISTORY** Kathmandu Valley is the cultural and historic pole of the Kingdom and is often referred to as Valley of Nepal. Though the early history of the Valley is obscure, it is certain that its aboriginal inhabitants of Tibeto-Burman stock absorbed several waves of Indian immigration. The cities in the Valley first came to rise during the **Malla period** around 1200; "for the span of three centuries Badgaon, Patan and Kathmandu were rival city-states, each with its own palace and royal court". In the eighteenth century as many as twenty-six petty kingdoms had been carved out of Nepalese territory as a result of the northward expansion of Indian dynasties. "Pritivi Narayan was one of the local kings when he descended from his stronghold at Gorkha to subdue the Valley in 1769", thus terminating the Malla supremacy. His eventual conquest of the little principalities marked the unification of the Kingdom and the beginning of the modern history of Nepal.

- b) **HISTORIC MONUMENTS** With unification, Newar temple architecture was transmitted from the Valley to other parts of the Kingdom. The major historic monuments in the Valley are temples dating from the late Malla period, that is, from the late fifteenth to the late eighteenth century.

Among the multitudes of temples are three broad types; pagoda, stupa and sikhara. The **pagoda** is by far the most distinctive and most numerous type and varies from one to five stories in height, constructed of brick and wood, profusely ornamented with carvings, painting and gilding. Nyatapola Temple in Bhadgaon is the tallest and most elegant example, the Changu Narayan at Changu is very likely the oldest existing pagoda and is of rare artistic quality.

While the pagoda, which "may have been developed as an architectural form before the seventh century" is used by Hindus and Buddhists alike, the **stupa** is dedicated exclusively to the Buddhist "pantheon".<sup>6</sup> The stupa is an artificial mound of hemispherical shape and symbolic meaning. Scattered throughout the Kingdom are numerous stupas that are mere mounds of earth of varying size. Others are regular architectural constructions in brick and stucco, also of varying size, the biggest and most dignified examples being



Largely developed during the Malla period in the 12th and 15th cent, the Kathmandu City Core represents a fine demonstration of the Newar genius in arts and architecture. Most structures shown in this nineteenth cent engraving of the north-east core area are remarkably intact.

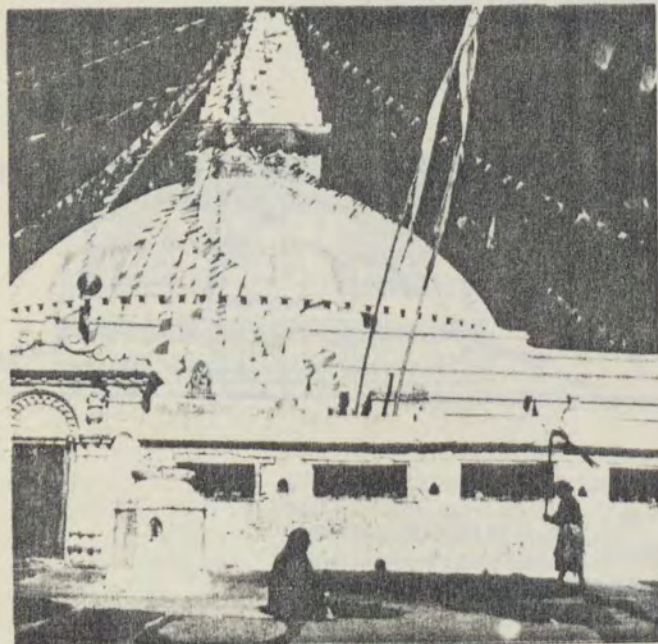
ROYAL PALACE, BHADGAON, seat of the medieval Malla kings - the palace's 55 windows are outstanding examples of Nepalese woodwork







BOUDNATH STUPA the largest Buddhist shrine in the world. The 2 500 year old hemisphere stands on an octagonal base, the stem bears the eyes of Buddha keeping the eternal watch over the people



PATAN DURBAR SQUARE



those of Bodhnath and Swayambhunath which "are world famous for their superb architecture". Other forms of temple architecture exist, such as the **sikhara** which came relatively recently to Nepal from North India. Characteristically, it has a small slender dome, usually rising above colonnaded platforms. A conspicuous, rich example in cut stone is the Temple of Krishna Mandir in Patan. Though the sikhara is basically Hindu, "the form is used by Buddhists as well, and the Mahabuddha in Patan is an extraordinary version in molded terra cotta".

Temples rarely stand alone but "are integrated into the neighbourhoods of cities and towns and they are found in monumental groupings both urban and rural". The sensitive composition of these ensembles "which are particular expressions of an old and unique civilization, demonstrates the Newari genius in ordering the environment". The Pashupati temple group represents an outstanding example of "integration of man-made structures into the physical environment, resulting in a delicate balance between similar and contrasting forms, open and enclosed spaces", all in relationship to the sacred Bagmati River and the terraces along the river banks with a large park leading to another religious site. A similar grouping is evident in Chobar, though in a more rural setting.

In the urban areas the major temple group constitutes the principle focus of the core area, prime examples are the **Durbar Squares** of Kathmandu, Patan, and Bhadgaon. Probably some of the most beautiful squares in the world, they demonstrate the high level of Newari architecture and feature their strong sense of community together with their sensitive regard for landscape and urban design. Besides the better known cities of Bodhnath, Pashupatinath, Swayambhunath, Machhendranath, Buddhanilkhanta, to which the tourist has now access outside the major cities, many other sites, monuments and picturesque villages are scattered throughout the Valley holding a tremendous potential for tourism.

An important visual aspect are the **townscapes**, resulting from the natural terrain contrasted and accentuated by homogenous architectural structures, the combination of which have created such harmonious townscapes as evidenced in Bhadgaon, Chapagaon, Kirtipur and other towns and villages in the



KATHMANDU DURBAR SQUARE

LOCATION MAP produced by the former Town Planning Office (now Department of Housing & Physical Planning) which for the first time prepared scaled drawings of the important Historic Monuments in Kathmandu Valley

Still unchanged is the temple area since the time this engraving was made of the northern part of the Kathmandu Durbar Square, though, today, repair work is acute and effective conservation necessary to hand the cultural wealth on to future generations

Reproduced from *Voyage au Népal*, by Gustave le Bon, Paris 1886





## Valley.

The Newar temple architecture and its underlying principles have influenced most of the Asian countries, or as one writer characterises the Newars: "They have changed the arts of India, built temples and palaces which have served as models to the Tibetans and Chinese, the classical pagoda hails from Nepal."

The importance of most of the temples outside the Valley usually lies in their religious and historic value rather than architectural or artistic features, though there are prominent exceptions, such as the marble temple of Janaki at Janakpur, the Tyangboche monastery, Gorakhnath Temple at Gorkha, Bhairava Nath Temple at Palpa and others. It is the scenic setting and the close proximity to a handsome natural environment which render these sites attractive to tourists. According to a preliminary survey by the former Town Planning Office, some 66 places have been identified for more detailed survey outside Kathmandu Valley because of their importance as archaeological areas, as the seats of fairs, or as the sites of temples. These sites have been included in the accompanying map indicating tourism potentials. Kathmandu Valley embraces the majority of Nepal's cultural and historic monuments. An official list of monuments (temples) in the valley records more than a hundred; careful estimates suggest that there are as many as 3000 temples and 6000 other monuments that are preservable, requiring restoration. A systematical survey of historic sites and monuments was first carried out by the Department of Housing and Physical Planning. The accompanying plate (PLATE 15) reproduced from the Kathmandu Valley Development Plan, represents a complete survey of historic and recreational sites in the Valley. The planning document prepared by the above Department in 1969 includes comprehensive information about the status, function and setting of the identified monuments and outlines a basic preservation policy and supporting measures such as legislative, organisational measures, land use, architectural and zoning regulations in order to protect, preserve and restore the Valley's historic, cultural and scenic values. The Plan has thus provided an essential instrument for preservation planning as well as an important guide to the Valley's visitor attractions.

● NATIONAL SHRINES Temples in Kathmandu Valley embrace shrines of either local, regional, national or

PLATE 15

Tourist attractions in the Valley of Kathmandu and a numerical guide to important monuments in the vale. The Plate has been reproduced from the Kathmandu Valley Development Plan.

NYATAPOLE TEMPLE, BHADGAON, the tallest pagoda temple in Nepal. The name "pagoda" is introduced by foreigners, locally they are called "storeyed temples", and nyatapole means five-storeyed (Built around 1700 AD)



## NUMERICAL GUIDE TO THE VALLEY'S MONUMENTS

- |  |  |  |  |
|--|--|--|--|
| 1. CHANDRASEKHAR<br>Buddhist<br>Function: Shrine<br>Description: One of the oldest shrines in the valley, dedicated to Lord Chandrasekhara. It is a small, simple structure with a flat roof and a central spire.  | 15. KATMANDU MOUNTAIN<br>Buddhist<br>Function: Shrine<br>Description: A large, ornate mountain temple with multiple tiers and a central spire. It is a major religious site in the valley. | 27. KATMANDU MOUNTAIN<br>Buddhist<br>Function: Shrine<br>Description: A large, ornate mountain temple with multiple tiers and a central spire. It is a major religious site in the valley. | 30. KATMANDU MOUNTAIN<br>Buddhist<br>Function: Shrine<br>Description: A large, ornate mountain temple with multiple tiers and a central spire. It is a major religious site in the valley. |
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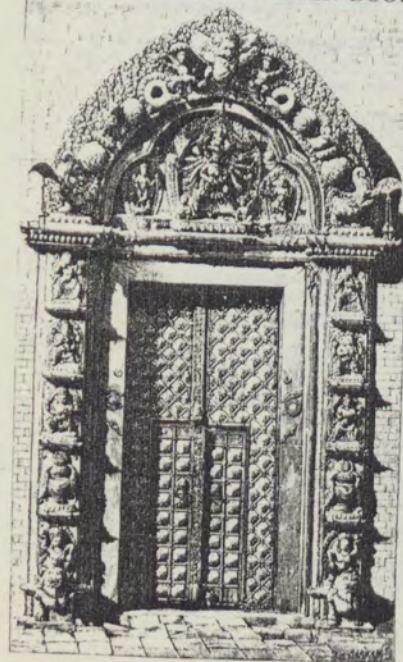


even international importance. They are poles of pilgrimage from nearby or distant areas, sites of many religious festivals, fairs and cultural activities. There are several shrines outside the Valley with an important socio-religious role throughout the Kingdom. Lumbini, the birth place of Lord Buddha is the most important National Shrine and a major pole for pilgrims from the Buddhist world. Almost inaccessible from Nepal today, Lumbini lies in the southern plains near the Indian border. A large-scale UN-sponsored development programme is presently being prepared for the rehabilitation of this important shrine; the project will include pilgrims lodges, infrastructural improvements and landscaping, and a tourist plant. The holy shrine of Muktinath on the northern shoulder of the Annapurna Himal in Mustang is an important pole for Hindu and Buddhist pilgrimage. Janakpur in the eastern Terai is the site of the marble temple of Janaki dedicated to the birth of epic Sita. Further east in the Terai lies Bharachetra and the temple of Varaha Bhagvan which is an important site for Hindu pilgrimage.

COLUMN IN CUT WOOD



BHADGAON THE GOLDEN DOOR



c) ARTS AND CRAFTS Nepalese art is as unique and spectacular as the magnificent architectural work produced by craftsmen during the ancient and medieval periods of Nepal. The high level of arts and crafts is demonstrated by the finest and most delicate pieces of bronze sculpturing, wood and stone carvings with such master-pieces as the Golden Door of Bhadgaon, the bronze sculptures at the Temple of Red Machhendras; fascinating wood carvings are visible everywhere and represent some of the most beautiful in the world. Thousands of stone sculptures have been created, including statues of varying age and magnitude, from fine miniatures to monumental rock-cut sculptures.

Nepal has been named a veritable museum of aesthetic beauty and it holds a distinctive art of its own; its art treasures reveal a wealth of fine and applied art resulting from a keen appreciation of the aesthetic from the very early period of the Nepali civilization".

● MUSEUMS Present museums are all located in the three major cities of Kathmandu Valley. There is the Nepal Museum in Kathmandu which shows an extensive collection of historic arms, small ethnological collections, an arts and crafts collection, historical

collections with very strong biographical accents, natural history collection and geology; a King Mahendra Biographical Museum is under construction. At Bhadgaon two small museums are accommodated in the old Malla palace: The National Art Gallery, displaying in one of the halls of the palace, and a small collection of fine painted bookcovers and miniature paintings. The other museum, named the Bhaktapur museum, displays a number of fine and outstanding wooden sculptures. At Patan, the Lalitpur Museum displays a collection of bronzes which are of minor importance and quality. In Kathmandu a numismatic Gallery has been arranged in the Hanuman Dhoka palace showing a fairly complete collection of coins of Nepal.

● CURIO TRADE "Apparently, it is the rise of tourism that has prompted the pilfering of carved wood, metal work, inscriptions, and other decorative items from the temples". There exists ample evidence of organized robbery directed by and destined for the clandestine curio markets of the cities. The problems seem to be growing and can hardly be solved by simply stationing police forces in temple sites which have already been subject to pilfering. The loss is both artistic and immaterial through the loss of those small metal plates bearing inscriptions which pertain to the construction of the temple. The problem of adequate control is very difficult as only a complete and strict control of the curio trade and a licensing of the items could stop the further stripping of monuments which is now also increasingly evidenced in the remote rural areas.

Nonetheless, the increase in tourism has brought about some effects on handicrafts industries and a variety of items are now being offered in the market, including wood carvings, metal works, jewelry, carpets and other textiles. Though, there is a great potential of skilled craftsmanship, the products are generally of poor quality oriented towards a low-level demand. Most recent restoration work indicates that higher quality products can be made. There appears to be no need for importing cheap quality goods from Hongkong and India which the tourist will normally be able to purchase there. In future, production should be focused on higher quality thus reflecting the distinctive Nepalese style of handicrafts in the light of its rich tradition.

The quality of production has so far failed to provide for the needed identity and image of the indigenous arts and crafts and has resulted in nothing more than an unproportional profit span on the market side with little left for the producer; it has further failed to create realistic incentives for cottage industries in the rural areas where they are so badly needed.

Indigenous skill exists throughout the Kingdom and there are fine examples of hand-woven textiles, pottery and metal work which can be developed as tourism spreads into the region.





## d) CULTURAL ACTIVITIES

● **FESTIVALS** Nepal is the "land of festivals". Not a week passes without a colorful festival or ceremony taking place in some part of the Kingdom. Whether of local or national character, most of them revolve around religious events and are associated with one or the other of the divinities of Hindu or Buddhist mythology or both. All festivals are commonly celebrated by all people and faith and their gay performances are deeply rooted in social life, "demonstrating a high degree of tolerance and peaceful harmony".

One of the most fascinating and spectacular festival is that of Machhendranath Ratha Jatra held during May where a triumphant car is dragged in a large procession of bands and costumes through the streets of Patan for several days. Or the festival of Indraajatra - in honour of the god of rain, a one-week "festival of singing, dancing and masquerading in the streets of Kathmandu".

Most of the great festivals are held in various places in Kathmandu Valley, through the national festivals are celebrated with some local variations throughout the country. And there exist numerous festivals of distinctively local origin which attract a large number of people. The festivals of the Nepali people are indeed one of the most unique and spectacular attractions for tourists and are most valuable to be preserved.

The accompanying calendar, reproduced from the Kathmandu Valley Plan, includes the more important festivals held in Kathmandu Valley; "of the many festivals taking place in Kathmandu Valley, some are widely observed throughout the subcontinent, others are of national or Valley-wide importance and many are celebrated only within one village or in limited areas of the Valley. Because of the great number of festivals and celebrations, only the significant ones are mentioned here. While most of the festivals are rooted in the religious traditions of Hinduism or Buddhism, many have been significantly modified within the socio-cultural context of the Valley. Some have their roots solely within the history and culture of the Valley." (PLATE 16).



The chariot festival of Machhendranath takes place in Patan in spring and lasts for a month. During the spectacular ceremony the chariot of the Red Machhendranath is dragged throughout town



## 1 BISKET

Time: Second and third weeks of April.  
Location: Bhaktapur.  
Significance: Of eminent regional importance.  
Observance: During this week, Bhairab, Bhadrakali and other important Matrika goddesses are paraded in chariots. A huge pole made from a tall pine tree is erected on the eve of Nepal's New Year, the first of Baisak, marking the chief event of the festival. The ceremony culminates with the arrival of Bhairab at the banks of Bhadgaon's sacred stream, Hanumante. The pole is pulled out the next day, i.e., the first of the New Year. This is an occasion of feasting and entertaining guests.

## 2 MATATIRTHA

Time: Second half of April.  
Location: Thankot.  
Significance: A day of paying dutiful respect and devotion to one's mother.  
Observance: Amidst filial piety, one individually performs a quiet ceremony. Those whose mothers are dead go to bathe at the Matatirtha near Thankot to offer oblations in her memory. The children whose mothers are living seek blessings with lavish presentations of gifts.

## 3 AKHAYA TRITIVA

Time: End of April or early May.  
Location: Patan.  
Significance: A day of making charity for one's ancestors. It is also regarded as an auspicious day to introduce youngsters to the alphabet.  
Observance: A drink of water mixed with molasses is distributed liberally. On the following day, the festival of dragging the chariot of the Machhendranath of Bungmati begins at Pulchowk and ends at Patan. The chariot is paraded along a specified route in several stages around the town. The festival concludes with the Bhoto delhause ceremony at Jewalakhel, several months later, when the bejewelled tunic supposedly belonging to the serpent-king is displayed to the public.

## 4 BUDDHA PURNIMA

Time: Second week of May.  
Location: Swayambhu etc.  
Significance: Birth and parinirvana of Lord Buddha.  
Observance: Pilgrimages are made to sacred Buddhist sites.

## 5 BITHINAKHA

Time: End of May or the beginning of June.  
Location: Kathmandu Valley.  
Significance: A day of cleaning and repairing the household and grounds.

Observance: Households and surroundings are thoroughly cleaned, especially the wells.

## 6 HARIBAYANI EKADASI

Time: First week of July.  
Location: Pashupatinath.  
Significance: A special day connected with Lord Vishnu: it is said that on this day he goes to sleep for four months.  
Observance: This Hindu festival begins with fasting and visiting the shrine of Pashupatinath. Strangely enough, a Vaishnav religious day, is celebrated by visiting the Shaiva shrine, which may be purely by virtue of the prestige that the shrine displays in the religious life of Nepal. The Pashupatinath, as the national deity of Nepal, transcends his sectarian character. The day also ushers in a period of different vows observed by the pious, and public recitation of Bhagavata Purana every evening for four months.

## 7 GHANTAKARNA

Time: Third week of July.  
Location: Kathmandu Valley.  
Significance: Festival reminiscent of a belief in demonology among Newars.  
Observance: Ghantakarna and other evil spirits are propitiated and exorcised. A man of low-born caste representing Ghantakarna is dragged out of the habitational area during the evening and driven to the river symbolising the warding off of evil.

## 8 GURIADHARMA

Time: Last week of July to the first week of August.  
Location: Kathmandu.  
Significance: Buddhist pilgrimage.  
Observance: A month-long pilgrimage to the shrine of Swayambhunath is made by Buddhists singly or in groups, with the accompaniment of musical bands.  
Observance: Figures of Nagas are placed over the door to protect the home from lightning. The Lakhe dance starts from this day.

## 10 PANCHADAN

Time: First week of August (Patan); fourth week of August (Kathmandu).  
Location: Kathmandu Valley.  
Significance: Buddhist festival.  
Observance: The Nyapus make offerings of food-grains to Buddhist priests, the Vajracharyas and the Shakyas, who

come begging alms in the tradition of monks of the past.

## 11 JANAI PURNIMA

Time: First or second week of August.  
Location: Kathmandu Valley.  
Significance: Festival of cleansing.  
Observance: This mainly involves the Brahmins who bathe and change their sacred threads with a ceremonial bath in the sacred rivers of Bagmati and Vishnu-mati. People get their wrists tied with special cotton strings by the Brahmins to protect themselves from the dangers of the coming year. Those who cannot make the journey to the lake of Gosainkund, several days walk north of Kathmandu bathe in the tank of Kumbheshwar at Patan. Some Newars offer food to the frogs, to atone for any frogs accidentally killed during planting and harvesting. This is also a week of displaying divinities in the Viharas of the Valley which are locked up the rest of the year.

## 12 GAJJATRA

Time: First or second week of August.  
Location: Kathmandu Valley.  
Significance: To pay tribute to relatives who have died during the last year.  
Observance: Families in which deaths have occurred within the past year send cows or masqueraded boys to parade through town along with ascetics and fun-makers. While the parade lasts only one day, the festive gaiety continues for eight consecutive days. Gajatra, together with Indraajatra, is highlighted by the traditional dance, drama and music of the Newars. In Patan, the second day is observed as one of the most important Buddhist festivals, matsiga, where all the Viharas are visited and butter lamps placed along the route travelled.

## 14 KRISHNASHYAMI

Time: Second or third week of August.  
Location: Patan.  
Significance: Birth of Krishna.  
Observance: A shoulder-borne carriage is taken from the Krishna temple of Patan and worshipped. Feasting also takes place. For two days, printed pictures narrating the life of Krishna and other deities are hung in public. Lakhe, representing a demon believed to have been killed by Krishna, is danced to terminate this celebration.

## 15 GOKARNA AUNSI

Time: Third or fourth week of August.  
Location: Gokarna.  
Significance: Devotion to one's father.  
Observance: Those whose fathers are deceased bathe at

## CALENDAR OF IMPORTANT FESTIVALS IN KATHMANDU VALLEY

Gokarna and perform Bradsha in their memory, while living fathers are presented with sweetsmeats and fruits by their children.

## 16 TIJ

Time: Third or fourth week of August.  
Location: Khassa areas of the hills.  
Significance: Day of cleansing and purifying the body.  
Observance: Women observe this day of Rishipanchami by washing in a holy bath in the Bagmati and visiting the shrine of Saptarishi at Toki.

## 17 KAGESHWARI FAIR

Time: End of August or beginning of September.  
Location: Kageshwari-Sundarjal.  
Significance: To purify oneself from the influence of the crow.  
Observance: Bathing takes place at the sacred site of Kageshwari to purify oneself from any contamination by the crow.

## 18 INDRAJATRA

Time: First week of September.  
Location: Kathmandu.  
Significance: Cultural and Religious.  
Observance: On the first day a tall wooden pole representing Lord Indra is erected at Durbar Square of Kathmandu. In the evening, burning incense and butter lamps are placed by the participants in front of shrines along the route. This act commemorates the deceased. Wooden heads or busts of Bhairab and Indra with extended arms are also placed on the peripheral roads. Women continue the placing of butter lamps for three consecutive days but on different routes. The climax of the festival is the drawing of the chariot of Kumari, incarnated in a living girl, together with the chariots of her two attendants, Ganesh and Bhairab, represented by two boys. There are masked dances of Bhakku, Bhairab, Kumari and Majipath Lakhe, which combine the recreational and religious feelings of the people for some of their cherished divinities.

## 19 DASAIN

Time: September-October.  
Location: Nepal.  
Significance: Cultural and religious.  
Observance: The first nine days of this most important national festival are devoted to the worship of Durga or Bhagavati, who killed the buffalo-demon and saved all gods and mortals from terror. Each house installs a small shrine of the goddess and she is worshipped during this period. Verses acclaiming the exploits of Durga are recited privately or in the public shrines of Bhagavati and Matrika goddesses. Goats, buffaloes and fowls are sacrificed to the goddess. The festival is believed to revive a spirit of enjoyment and happiness. The occasion demands the consumption of meat, the acquiring of new clothing and the visiting of relatives. On

the tenth day, the people go seeking Tika and blessings from their elder relatives. It is a day of family reunion. For the Newars, socialising is only within their homes. They receive moni from the head of the family. Swords, the sacred weapons of the goddesses, with which they vanquished the demons, are displayed in various locations on this day.

## 20 TIHAR

Time: Late October or early November.  
Location: Kathmandu Valley.  
Significance: worship of crows, dogs, holy cows, oxen, Laxmi (goddess of wealth and prosperity) and brothers.  
Observance: For five days the worship of the above in their turn takes place, including the fascinating ceremony of illumination, Tihar (Dipavali). In the darkness of the evening of worshipping Laxmi, the whole atmosphere glows with rows of soft, flickering lights. The next day is the New year of the Newars, which is observed by worship and feasting. During the entire period there is a spate of gambling.

## 21 HARIBODHINI OR THULO EKADASI

Time: First week of November.  
Location: Kathmandu Valley.  
Significance: Marking the awakening of Vishnu.  
Observance: A fast is held to commemorate this day of awakening. Pilgrimages are made to shrines of Budanilkantha or any of the four chief shrines of Vishnu in Changu, Visankhu, Sikkharayan and Ichangu. This starts the fair of Budanilkantha, lasting five days.

## 22 BALACHATURDASI

Time: Third week of November.  
Location: Pashupatinath.  
Significance: Day commemorating the dead.  
Observance: Pilgrims from all over the country come to the vicinity of Pashupati's shrine to pay respects to the dead. They camp on the hillock of Kalash near Pashupatinath, burning lamps and worshipping various divinities. In the morning there is bathing in the Bagmati followed by sowing 'a hundred seeds' in the woods of Pashupati.

## 23 MAGHABHAN

Time: First week of January to the last week of February.  
Location: Kathmandu Valley.  
Significance: Purification.  
Observance: It is a month-long ritual of bathing in the Bagmati or any other water place. It begins on the full moon of Pausa and concludes on the next full moon. This begins the month-long recitation of Svasthani, a narration extolling the greatness of Lord Shiva and goddess Svasthani. On the concluding day, bathing takes place in Sali River at Sankhu.

## 24 SRIPANCHAMI

Time: Last week of January.

Location: Kathmandu Valley.  
Significance: Worship of Saraswati, goddess of learning.  
Observance: Devotees visit Saraswati shrines at Swayambhu, Lazimpat, Lele, etc. Children are taught their first lessons on this day. This also signifies the beginning of Spring.

## 25 SHIVARATRI

Time: Middle of February.  
Location: Pashupatinath.  
Significance: To honour Lord Shiva.  
Observance: A fast commemorates the marriage of Lord Shiva with Parvati. Pilgrims travel from great distances to the temple of Pashupatinath. In the afternoon there is an organised show of gunfire followed by bonfires lit at important cross-roads in the night.

## 26 HOLI

Time: Last week of February to the first week of March.  
Location: Kathmandu Valley.  
Significance: Festival of fun and revelry.  
Observance: During this week people freely indulge in merry-making, throwing coloured water and vermilion powder at each other and passers-by.

## 27 PANCHARE

Time: Middle of March.  
Location: Kathmandu - Patan.  
Significance: Festival of socialising and fun.  
Observance: For the Newars of Kathmandu this marks a celebration of feast and drink, and generous treating of guests. Hosts of gods are taken out in shoulder-borne shrines amidst fun and music. The demon Gurumapa is feasted at the Tundikhel on the night before Panchare. A rendezvous of Lumadi Bhadrakali, Kankeshvari and Bhairab at Asan soon after the Panchare day is an important religious manifestation. In the afternoon of Panchare, the Tundikhel becomes the scene of sporting events like horse racing, cycle racing and acrobatic shows organised by the Nepalese Army.

## 28 SETO MATSYANDRANATH

Time: Third week of March.  
Location: Kathmandu.  
Significance: Hilarious.  
Observance: The festival of driving the chariot of white Machhendranath of Janabahal of Kathmandu starts on the eighth day of the bright fortnight of Chaitra from near Jamsi. The chariot travels to Lagan Tole in four stages, where it is dismantled and the god taken back to his permanent shrine.

## 29 BALAJU BATHING

Time: End of March, beginning of April.  
Location: Balaju.  
Significance: Purification.  
Observance: On the full moon of Chaitra, people bathe in the twenty-two spouts of Balaju Park.



● **ENTERTAINMENT** Music and dance are common features and the principal entertainment of the people and are unique representatives of the diverse cultures in the Kingdom, ranging from typically Indian features in the south to the dramatic dances of the mountain people where the music contains many elements similar to those in the Alps and Andes Mountains.

But still Nepal's unparalleled cultural events are as yet largely occult to the tourist as he encounters considerable difficulties when he wishes to get to know the music, dances and festivals of the people.

Ancient cultural dances, classical and traditional folk dances are presented during festivals and ceremonial events to which the tourist usually has no access. Though in recent years regular stage performances have been introduced in Kathmandu the folklore, dances and costumes featured there can be greatly improved in standard and variety. Numerous opportunities exist to arrange such performances in the historic cores of Kathmandu, Patan and other sites, performances in some of the rich courtyards are possible.

Dramatic Lama Dance



#### e) FASCINATING PEOPLE AND WAY OF LIFE

The people of Nepal represent a combination of northern and southern Asian cultures which have met here to develop unique cultural patterns reflecting both the genuine roots of other cultures and their distinctively Nepalese modifications. Throughout the long history the diverse ethnic groups have preserved specific features in religion, economy, way of life and traditions which add variety to the national scene.

Although strongly influenced by migrating Indo-Aryan groups from the south, Nepal's mainland has successfully developed its own distinctive socio-cultural pattern representing the core area of Nepalese people and culture, borne by the Newar genius whose arts, architecture and trade has been most influential in the Midlands. This impact is visibly evidenced in customs and townscapes; cultural attributes were sometimes assimilated by the diverse groups of local people though without surrendering their genuine and deeply rooted traditions to outside influences.

Migration and trading has brought the people constantly into close contact with neighbouring countries and this movement has brought about a high degree of cultural and religious tolerance which has marked Nepal's long history and has made the Nepalese a people of astonishing warmth and friendliness towards strangers, hospitality has become a national tradition.

Since most of those attributes have been lost in the western civilization, the Nepalese people and style of life greatly appeals to visitors and represents an important facet to cultural tourism. Today, much of the world's image of the Nepalese relates to the "fierce Gurkha soldier", the "hardy Sherpas", and, of course, "mysterious Yeti". Though all world-famous, they are in no way representative of the people of Nepal as a whole.

Though a "poor" people if per-capita-income is employed as a criterion the Nepalese landscape reflects a clean and healthy appearance markedly different from neighbouring countries. Perhaps it is Nepal's unparalleled cultural wealth and natural scenery which may lead a visitor to overlook the poverty that does exist as in the eyes of the tourist man and nature are regarded an "attraction-unit".

Travellers across Nepal will find three broad types

of people each with its own ethnic and cultural background and typical features; handsome and tall, the people of the lowlands have more in common with northern India than with the rest of Nepal's mainland, the Midlands, the people of which feature both Indo-Aryan and Mongoloid streams and a mixture of historic southern Brahmanism and northern Lamaism. Wide-spread movements of Brahmins and Chhetris in earlier history have resulted in a unique settlement pattern where within close proximity Indo-Aryan and Tibeto-Burman communities exist as each preferred its specific altitudinal range and climate. It is probably due to Nepal's peculiar altitudinal spectrum that has made it possible for diverse ethnic groups to people the land in peace and cultural tolerance.

The two cultural mainstreams tend to mingle in the urban areas of the Central Midlands while they persist in more rural and remote locations. Architectural and cultural patterns in the urban centres of Kathmandu Valley are visibly dominated by the Tibeto-Burman Newars though much of the political and economic scene is under the influence of Brahmin and Chhetri groups. Richly varied are the colorful bazar scenes in the urban centres which display a unique variety of diverse features and costumes; Brahmin women dressed in graceful saaris side by side with the colorful costumes of the hill and mountain folks.

The Tibeto-Burman Magar and Gurung which are mainly in the Pokhara and Gorkha area have brought about the famed "Gurkha" soldiers, considered to be the most courageous and daring warriors in world opinion. The traditional recruitment of "Gurkhas" in the Indian and British armed forces has brought about trained cadres in the hill communities, where several thousands of ex-servicemen represent, through their acquaintance with other countries and people and their small capital resources from pensions, an important entrepreneurial force which may be mobilized for recreational tourism development in the hill regions. Even more so since curtailments in the Indian and British services will leave several thousands of servicemen without employment.

In the high mountains people of Tibetan stock have preserved the genuine Buddhist culture of Central Asia. Nepal, though basically a Hindu state, will have to bear particular responsibility to foster the survival of these remaining representatives of Tibetan Buddhist culture.



Though the Sherpa and Bhotia people dwell in one of earth's most remote and inaccessible regions, they have through trading and travelling come into close contact with the outside world which make them a friendly and hospitable people. Because of their astonishing abilities to master the extreme environmental conditions of the Great Himalayas, the cheerful and ever-smiling Sherpas have become world-famous as they made possible the historic expeditions to the third pole.

A large number of Sherpa guides and porters are engaged in mountaineering activities during the winter season which have brought them into close contact with travel groups from western and Asian countries. Their traditional entrepreneurial talents together with their strong sense for community life and cultural traditions represent most valuable resources for tourism activities in the mountains.

Many individuals from western countries have been attracted in recent years by the fascination of the Nepalese and their way of life, be it for scientific or phil-anthropic motives or more sensitive personal affections. However, as organized tourism develops into a strong economic force in the "under-developed" regions, certain effects of the development are put in motion which tend to override the traditional culture. Tourism has long been recognized as an important economic force yet little thought has been given in the past to the sociological consequences set off by tourism. Attention has been drawn to the social impact of tourism industry relatively recently in some countries. Available evidence suggests, indeed, that in some countries which experience organized mass tourism cultural self-determination was lost to a dominating tourism industry that upset the traditional social systems and the intentions of those who put the development into motion.



THAKKHOLA woman in the Mustang district of northern Nepal wearing the archaic ornaments of the mountain folks

NEWARS at draughts beneath Buddha's mystic eyes at the Swayambhunath temple which holds great sanctity to Hindus and Buddhists alike

## f) THE NEED FOR PRESERVATION

The historic and cultural monuments and unique art treasures of Nepal represent a single and outstanding cultural heritage of inconceivable value for the nation and for cultural tourism. Those values provide, indeed, an important magnet for tourism. Within the ten year span between 1960 and 1970 the number of visitors has increased over ten-fold. And, whatever other attractions will be developed outside the Valley of Kathmandu, it will remain the principal destination for cultural tourism.

Historic monuments and artistic treasures are today threatened of deterioration or even loss by a number of factors which have come about in the course of modern development and social change. Among the more obvious factors are the influences of climate and weather on the wooden structures and roofings of monuments some of which seem to have reached a critical age now. Factors accounting for the loss of art treasures are pilfering and thievery, which have alarmingly increased with the flow of tourists. Probably the most significant factor endangering the cultural, historic and scenic wealth especially in the Valley of Kathmandu is the effect of the modern problem.

● THE MODERN PROBLEM Inevitably, "intrusions into the compact consistency of the historic core areas of Kathmandu", Patan and - to a lesser extent - Bhadgaon followed the rush to modernity; the urban sprawl is now encroaching the scenic landscape of the Valley resulting in "a banal version of suburbia" on the pattern of low density bungalow housing while opportunities for rehabilitation of the historic urban areas remain neglected.

Visible disjunctions "in the organic coherence of the historic core area are being introduced increasingly in Kathmandu" as private and public buildings in concrete construction and "stucco finish interrupt the traditional texture" of the historic monuments districts.

Pressure for growth and change is greatest in Kathmandu and urban expansion has resulted here in more serious intrusions into historic values and the traditional townscape than in Patan and Bhadgaon. Growth of the urban-industrial complex poses a serious threat to the unique resources of the Valley, if the present



Seventeenth Century courtyard building, heavily struck during the 1934 earthquake and now in an urgent state of repair



Vehicular traffic has alarmingly increased conflicting with the traditional function of the historic core areas - apart from the visible disturbance it created in some areas





Large-scale intrusions into the compact historic structure of Kathmandu's urban core first occurred after the earthquake when parts of the city centre were remodelled. The rush to modernity continuously endangers the historic townscape as long as new constructions of the type below are tolerated



tendency towards unplanned haphazard urban sprawl continues.

The significant preponderance of the merely economical and utilitarian modern geared to by strong forces in society similarly endangers many of the cultural and religious festivals of the people as the rapid introduction of vehicular traffic, utilities installations and new construction increasingly encroach the sites and routes of many of these festivals. Fences are being introduced to protect temples - mainly to control vehicular traffic, instead of drastically restricting vehicular traffic in historic districts - its effect is the isolation of the temple which is a clear break of its role in cultural and community life.

Industrial development threatens to conflict with cultural and scenic values. The most striking example being the location of the cement factory at Chobar in close proximity to one of the finest scenic spots in the Valley and a recently restored pagoda temple.

Other intrusions into the natural and man-made environment are continuously created throughout the Valley where economic forces are strongest and the danger exists that a similar pattern of development eventually is followed in other parts of the country, as long as the aims of development merely relate to a rapid growth in GNP.

Survey of prevailing opinion in Kathmandu suggests that there is a strong tendency aimed at rapid development of Kathmandu the socio-economic growth point of the country, even at the cost of losing some of its cultural values, the preservation of which is usually considered beyond the country's limited financial resources. Without question, Kathmandu has reached a stage of development where tourism certainly is not one of the vital sources of the local economy. It is felt, however, that tourism is crucial to the socio-economic growth of the country as a whole. If Nepal is to achieve a material balance between the standard of living of the Capital and the rest of the country, it is imperative that the preservation of the historic and cultural values in the Valley is more sensibly considered in development planning in future. There need not be a conflict between development and preservation if that goal is aimed at and if industrial development, the construction of buildings

roads and utilities are coordinated with the requirements of preservation of the Valley's historic districts and sites, which are so valuable not only to tourism.

Although cultural tourism would be in a position to eventually provide for needed incentive and capital for conservation and restoration, this does not resolve the acute problem where prompt and decisive action is necessary to prevent the irretrievable loss of some of these values. Although Government commenced protective action in the early 60ties, preservation activities thus far in no way commensurate with the magnitude of the problem as "there is now more work to be done than means to do it". Preservation in the past was almost entirely focused on the Valley of Kathmandu and there only on a few objects in the core areas of the main cities. Financial and manpower resources available were in no way sufficient to prevent the further deterioration and loss of some structures. Preservation and protection of cultural treasures in the countryside is as yet nonexistent and many objects such as the artistically rich mountain monasteries are similarly threatened of deterioration and early loss caused by weathering and pilfering.

● **RECENT PRESERVATION ACTIVITIES** Detailed recommendation on preservation of the Valley's cultural and historic sites and monuments have been submitted during 1968 by UNESCO and furthered in the Kathmandu Valley Plan in the following year. Protective legislation was passed as early as 1956 with the Ancient Monuments Preservation Act. The administration of the Act falls under the responsibility of the Department of Archaeology which started preservation activities in 1964 with a limited restoration programme. In the following years 156 projects had been carried out by the Department whose activities were restricted by lack of both financial and personnel sources. Restoration work was therefore confined to the most urgent and acute repair work. Basically, the Department acts as an administrative agency with limited executive functions. The Town Planning Office effectively started to survey and identify historic sites and monuments throughout the Kingdom in 1968. Within the Valley of Kathmandu, the surveys produced among other important results, scaled drawings of the historic town

cores and provided an important basis for preservation and development. Recent action included technical and chemical preservation research and some object restoration work undertaken by the Dept. of Archaeology, protective measures by local Nagar Panchayat, and a renovation project of Pujahari Math monastery in Bhadgaon carried out with West German aid. The Department of Housing and Physical Planning succeeding the former Town Planning Office has continued its surveying activities with a catalogue in the course of preparation comprising technical and historical information and including photographic records of monuments, their physical condition, age, and most importantly, their state of repair and urgency of restoration as well as recommendations for preservation action required.

This catalogue is regarded as a basic tool for the urgent preparation of a systematic renovation and preservation programme. While, at the time of preparing our Action Programme, UNESCO-assistance was expected for the catalogue, the project has since been carried out by the Department of Housing and Physical Planning. Thus, today, the situation is such that both the preparation and implementation of the preservation programme is impeded by lack of financial sources and international aid is needed more urgently than ever if Nepal's cultural and artistic values are to be preserved and handed on to future generations.

The present opinion of decision-makers in Government on preservation reflects a rather pragmatic and realistic attitude towards a policy aimed at preserving a few historic zones of manageable size. This policy is clearly in line with the country's real resources and priorities; it will, however, lead to the inevitable loss of a great many less significant cultural values, unless international attention is drawn to the problem with the hope for financial commitment and technical assistance. While the urgent and pressing need for preservation has been stressed by one UNESCO expert as early as 1967, the Organization has as yet not taken action towards implementation of the preservation programme.





Supporting strut in  
carved wood

#### PASSAGES QUOTED IN SECTION 1

- <sup>1</sup> The Fourth Plan 1970-1975 - Kathmandu 1970
- <sup>2</sup> The Kathmandu Valley Development Plan - Kathmandu 1969
- <sup>3</sup> B.C. Bishop: National Geographic, Vol 140 - Washington D.C. 1971
- <sup>4</sup> J. Blower, FAO: Outline Proposal for Wildlife Conservation and National Park Development - Kathmandu 1970
- <sup>5</sup> E. A. Connally, UNESCO: Cultural Tourism - Kathmandu 1968
- <sup>6</sup> J. M. S. Amatya: Picturesque Nepal - Kathmandu 1970
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## 2. PRESENT STATUS OF TOURISM IN NEPAL



## 2. PRESENT STATUS OF TOURISM IN NEPAL

Today the majority of tourists visiting Nepal are on package-tours through Asia with Nepal being a secondary destination in that regional tourism market. Thus the visitor flow to Nepal closely depends on the flow of travel and tourism to Asia, and particularly to India as Nepal receives one-fifth of the international tourism to the subcontinent.

Although this situation has helped Nepal benefit from already developed tourist supplies in India and other Asian countries, the dependence on the Indian tourism - like in other sectors of the economy of Nepal - has been most influential in shaping the present status of tourism in the country.

Basically this dependence would not give cause for concern since most of the tourism in Asian countries is interconnected some way or the other, were it not for the fact that the present situation is much less beneficial to Nepal than it is to India. Given the present situation where more than two thirds of the visitors to Nepal are organized travellers handled by Indian travel agents which function as intermediate agents, much of the tourist's travel budget remains with the Indian agents which often pay the hotels in Nepal in non-convertible currency. Apart from the more obvious loss in hard currency the effects on Nepal's tourism industry give cause for some concern on three grounds; much of the hotel capacity is under the influence of the travel agents as they only guaranty satisfactory tourist flows and through this strong position practically control the prize level and determine the profit margin of the hotelier; secondly, there is little doubt that a low profit span tends to remove any incentive the hotelier may have to expand the accommodation capacity; thirdly, since visits to Nepal are today in the form of an adjunct to the Asian round trip, the Indian tour operator is usually not inclined to arrange for more than a two to three days stay in Nepal.

In result these factors have had a retarding effect on Nepal's tourism activities which remained largely immobile. Although growth in tourism has been achieved at a relatively considerable rate in recent years much



of this has been accomplished by mere response to the existing demand which was then met without difficulties involving little or no risk.

Growth in tourism in the recent past brought however considerably less gross benefit than rates of increase tend to suggest, for large-scale resort to imports was necessary to accommodate the visitors flow. In the hotel industry dependence on imports amounts to c.30% for construction and not less than 50% for the operation, including food and beverage. Since 50-60% of all tourists are handled by Indian travel agencies the larger proportion of earnings is in non-convertible money. In addition to the high import coefficient the black market accounts for further leakages.

Development in tourism in the past was one-sidedly focused on the numerical increase of tourists and the expansion of hotel capacities. A re-orientation in tourism policy is therefore most urgent to assure a sound growth in the period ahead.

Analysis is needed to identify and remove inhibiting factors and to provide the basis to achieving this end.

The following paragraphs deal with the present status of tourism in Nepal, its recent development, its quantitative and qualitative forms, and problems, including:

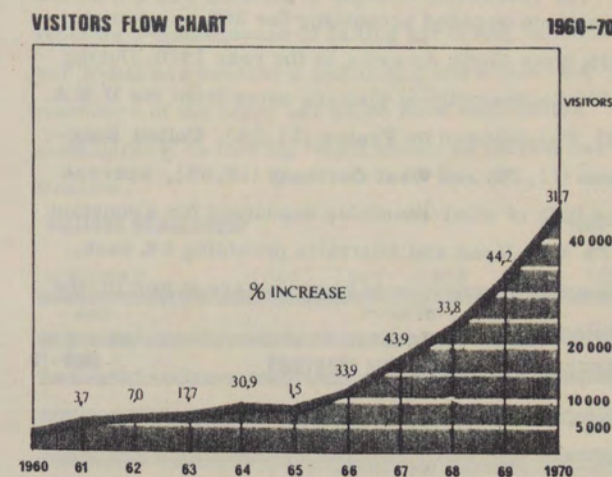
- a critical survey of the present statistical and data basis
- analysis of the situation in the hotel and travel industries and proposals for improvement
- analysis of the tourism market in Nepal through comparison with that of India
- analysis of the role Government plays in tourism activities, and the administration and organization of tourism

In Section 4, Policies and Aims of Tourism Development, analysis will be furthered by discussing the economic and social significance of tourism as well as the potential market.

## 2.1 STATISTICAL BASE

Analysis of the development of tourism to date depends on frontier statistics published by the Department of Tourism ever since 1961, and comprising the usual set of aggregate data on international arrivals which reveal the quantitative structure of tourism in Nepal. Unfortunately, the statistics exclude visitors from neighbouring countries as these enter without frontier formalities.

The **visitors flow** in the past decade as indicated in the chart below shows a progressive rise in numbers since 1960 with a temporary cut during the 1965 Indo-Pakistan War, from 1966 onward rates of growth have been above 31% increase per annum. From 1966 to 1970 the visitors total rose from c. 9,400 to c. 46,000. Including Indians and Pakistanis the total for the year 1970 would be in the order of 60,000<sup>1</sup>.



The statistics reveal, however, total arrivals including non-tourists such as business travellers, diplomatic missions, pilgrims, students and others. As in the following table 85 % of the visitors claimed "sightseeing" as their **purpose of visit**, it is fair to assume that the remaining 15 % are negligible in analysing global numbers.

<sup>1</sup> The number of Indian visitors has been assessed using the records of classified hotels where this group accounts for some 25 % of all guests. The actual number is however considerably higher as only a minor proportion calls at the big hotels; it can be neglected, however, since these visitors in general remain outside the strict tourism industry.



PURPOSE OF VISIT	in %				
	1966	1967	1968	1969	1970
SIGHTSEEING	83.0	87.7	87.5	85.8	74.8
OFFICIAL MISSION	7.2	5.4	8.9	3.9	3.3
BUSINESS	2.6	2.4	1.5	2.2	2.0
CULTURAL & RES. STUDY	1.8	1.2	1.3	1.5	1.6
EXPEDITION	-	-	0.3	0.8	1.2
PILGRIMAGE	0.2	-	0.6	-	0.3
others & unstated	5.2	3.3	4.9	6.1	16.7
total	100	100	100	100	100

While in 1966 North America was the largest contributor to the total visitor arrivals with over 41% of which the U.S. accounted for more than 90%, a steady increase in visitors from Western Europe has since occurred accounting for 36% as against 32% from North America in the year 1970. During 1970 the majority of visitors came from the U.S.A. (31,2%) followed by France (11,5%), United Kingdom (11,3%) and West Germany (10,0%), whereas the bulk of other countries accounted for a constant 13% with Japan and Australia providing 5% each. The visitor arrivals so recorded are shown in the following table:

#### VISITORS TO NEPAL BY MAJOR COUNTRIES

1966-70

	1966	1967	1968	1969	1970
USA	5505	7848	9550	12818	14346
United Kingdom	1574	2436	3192	4413	5211
France	1144	1736	2427	3290	5280
West Germany	1130	1464	2159	2846	4600
Australia	332	603	1027	1590	2229
Japan	289	551	794	1439	2314
Canada	294	434	700	980	1512
Switzerland	296	420	698	851	1421
Italy	133	324	459	827	1468
Denmark	306	353	293	826	1192
Others	1591	1924	2910	5021	6397
Total	12567	18093	24209	34901	45970

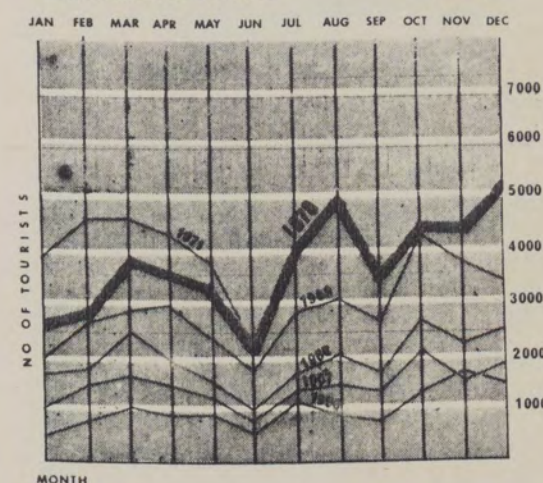
Two significant trends may be concluded from the

statistics: a) an overall widening of the countries of origin during the past five year period the beginning of which was marked by the predominance of the U.S.A. and United Kingdom providing more than half of all visitors, and b) Western European countries winning increasing importance as this region contributed almost 50% to 1970 arrivals. As noted above India and Pakistan are excluded in these statistics.

The seasonality of visitor arrivals is shown in the diagram below indicating the monthly distribution. Demand peaks are in December and August reflecting the tourist habits of the major originating countries (summer vacation) and the touristic advantages of Nepal (favourable and dry winter season).

#### VISITOR ARRIVALS BY MONTH

1966-70



Seasonal oscillations lie within the normal range observed in other Asian countries where peak seasons are sometimes less predominant because of the influx of larger amounts of business travellers (such as in the case of India and Bangkok). Since Nepal has only 2% of this type of traveller the relatively smooth flow is chiefly a result of different seasonal patterns of touristic demand in the U.S. and Europe. Also, the present small scale of the tourism industry may affect this pattern. The low season occurs during the monsoon rains from May to July and is principally a result of unfavourable climatic conditions throughout Asia and consequently low tourist flow to the region.

Approximately 80% of the international visitors arrive by air. Nepal is presently serviced by four airlines connecting the country to the main international

trunk routes as illustrated in the previous chapter. Road-oriented visitor arrivals show an upward trend accounting for 20% of the arrivals in the year 1970.

#### VISITORS BY MODE OF TRANSPORTATION

1966-70

	1966	1967	1968	1969	1970
BY ROAD	1361	3029	4492	6771	9462
BY AIR	11196	14864	19717	28130	36508
Thai Intern.	-	-	-	-	-
R.N.A.C	-	-	-	-	-
Indian Airl.	-	-	-	-	-
Other	-	-	-	-	-
Unstated	-	-	-	-	-

The age composition of visitor arrivals reveals a remarkable number in the 15-20 age group (39% in 1970) which indicates that long distance travel also no longer is the privilege of the old and rich pensioners but a new stratum of demand increases, not least as a consequence of falling air fares. Moreover Nepal has become a particular attraction for members of the hippy set which have contributed considerably to making Nepal known as tourist destination.

#### VISITORS BY AGE GROUP

1966-70

AGE GROUP	1966	1967	1968	1969	1970
years					
0-14	2.0	3.0	2.4	2.3	3.5
15-20	38.2	32.0	34.8	36.4	35.3
21-25	29.4	24.8	24.6	23.9	24.5
26-30	30.9	21.5	20.8	19.9	20.8
31-35	14.0	16.6	14.2	16.1	15.0
36-40	3.5	3.3	2.5	2.4	2.7

The average length of stay of visitors in Nepal is estimated 4 days and total bed-nights in the year 1970 would be in the order of 180,000. Visitors arriving by air and accounting for the majority of sightseeing tourists stay an estimated 3 days on average. It should be noted however that these statistical indications somewhat misrepresent the actual situation because of non-tourists with considerable stay included.

Foreign exchange earnings from tourism amounted to 1,5 million US \$ according to 1970 records by the Ministry of Finance. On the basis of the above estimated



180000 visitor days spent in Nepal, the average expenditure per visitor and day would amount to US \$ 8,25 which is low when compared with the price level of the hotels: A proportion of the hard currency flows into Kathmandu's black market.

According to the Ministry of Finance, foreign exchange earnings in recent years are as follows:

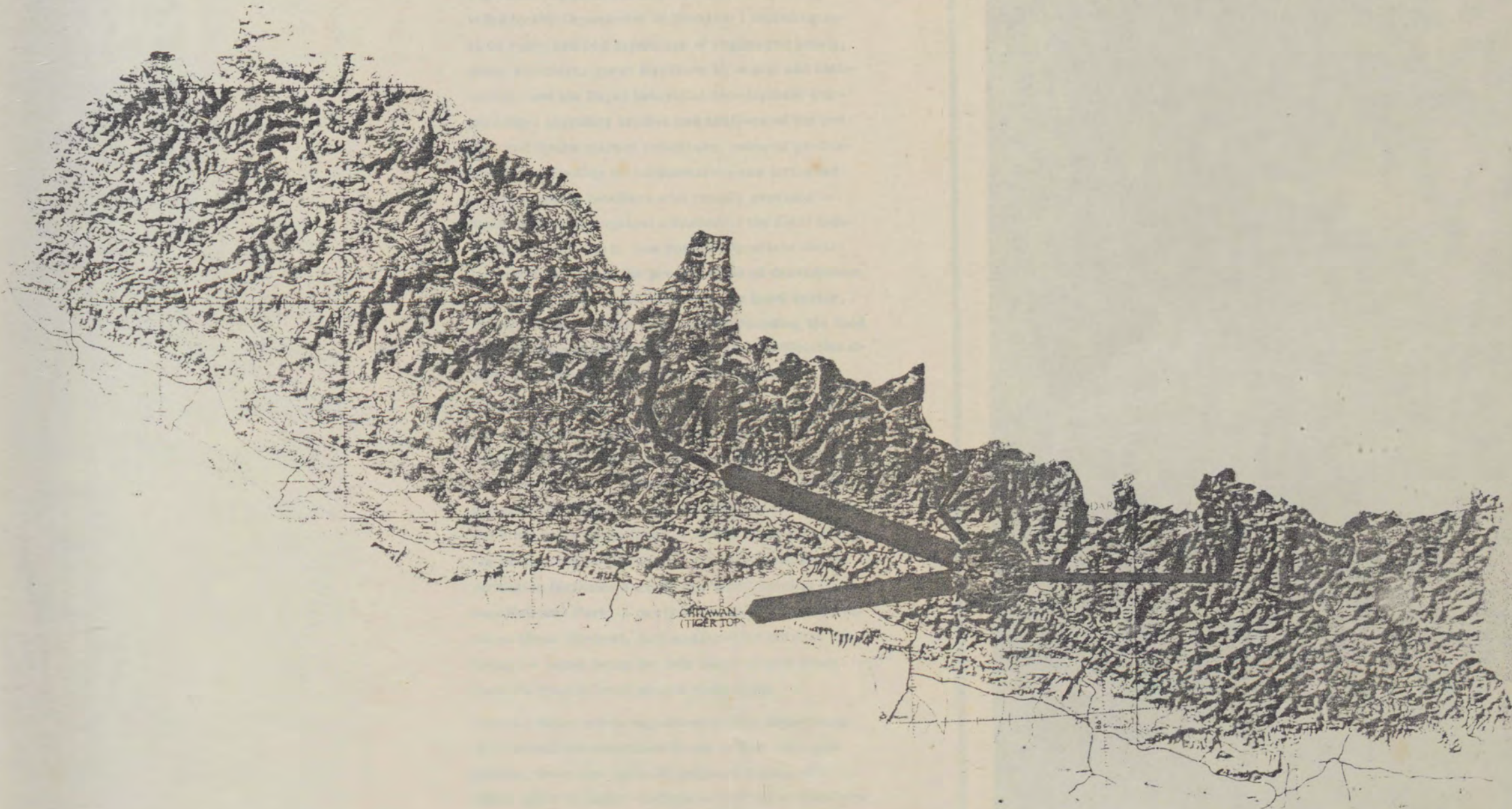
1965	0.2 million US \$
1966	0.4 "
1967	0.7 "
1968	0.8 "
1969	1.1 "
1970	1.5 "

There is no information available on the expenditure of tourists in the various branches of the tourism industry.

Other data compiled in the frontier statistics as a rule consist of not very informative aggregate totals with a not very useful combination of indicators. The general weakness of the available statistics is that aggregate totals reveal little information suitable for planning-orientated analysis. In addition these show nothing of the social structure of visitors, their motives and expectations of travel, their travel budget, length of stay, expenditures etc. It is a matter of practical necessity that in future the visitor flow to Nepal be better observed. Proposals on improved frontier statistics supplemented by sample interviews as well as on improved hotel statistics are presented in Section 4.

PLATE 17  
The regional distribution of international visitors (excluding Indians) is shown on this map, for the 1970/71 season. During that season some 46 000 visitors arrived in Kathmandu, but little more than one third has seen other places than the Capital.

2.2 HOTEL INDUSTRY ANALYSIS



VISITORS FLOW  
NO OF INTERNATIONAL VISITORS OUTSIDE KATMANDU, 1970/71 EXCL EXPEDITIONS  
below 1000  
1000-2000  
2000-5000



180000 visitor days spent in Nepal, the average expenditure per visitor and day would amount to US \$ 8,25 which is low when compared with the price level of the hotels: A proportion of the hard currency flows into Kathmandu's bl

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#### PLATE 17

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## 2.2 HOTEL INDUSTRY ANALYSIS

As mentioned in the preceeding paragraph the statistical surveillance of tourism in Nepal is still in an initial stage of development; thus, the data and information available on the tourist industry are as yet largely incomplete for the whole of Nepal though fairly complete for Kathmandu.

The following analysis is based on information provided by the Department of Tourism (including data on room and bed capacities of registered hotels, price structure, guest structure by month and nationality), and the Nepal Industrial Development Corporation (including studies and analyses of the present and future market conditions, costs of production, credit policy etc). Information was furthered by interviewing hoteliers who readily provided insight into the economical situation of the hotel industry. Through this it was possible to obtain detailed knowledge about the present state of development, the present investment climate in the hotel sector, as well as the various problems surrounding the food supply, the import situation, and other difficulties affecting the hotel and catering trade in Nepal.

To date some 20 hotels are in operation in the country which cater for international visitors, out of these 15 are located in the capital, Kathmandu. In all there are now c. 1,200 beds available in the registered hotels of which almost 90% are in Kathmandu; hotel units range from 10 to 100 room capacity. the hotels outside the capital are in general typical outstation facilities such as the safari hotel at Chitawan National Park, a newly constructed mountain hotel at Mount Everest, and small resort units at Pokhara; the latter being the only location with more than one tourist hotel outside Kathmandu.

Besides those hotels registered by the Department of Tourism and classified in one to five-star categories, there are some 20 lodges in Kathmandu which cater to Indian visitors as well as to members of the hippy set. None of these could however be included in the plant for international tourism.

A number of Government guest houses are in existence throughout the country most of which are how-



ever not up to the standards required for international tourists. Accommodation facilities for mountain trekkers are available in the form of simple lodges in a few areas though outdoor camping prevails in most Himalayan areas.

## 2.2.1 PRESENT ACCOMMODATION FACILITIES

The hotel accommodations rose rapidly to meet the increase in demand during the past ten years. In 1959 the hotel industry consisted of small units averaging about 10 guest rooms; the total capacity of 88 beds available at that time in Kathmandu was chiefly for the needs of Indian business travellers and the few early international visitors to Nepal.

In the following years a gradual expansion of the capacity took place: 280 beds in 1964, 350 beds one year later, and, during the past five years the capacity increased almost four-fold to reach 1500 beds in 1970.

Eventually larger units were built with 20 to 40 guest rooms, though outside Kathmandu small units of 10 to 15 rooms still persist.

A new era emerged with the opening of 200-bed Soaltee Hotel in 1965; one year later Hotel 'e l' Annapurna was opened and extended in 1967 to reach 190 beds. Both hotels are under international management, Soaltee is operated by Oberoi-Intercontinental, Annapurna by Hilton-International.

The location and capacity of registered hotels is indicated in the table below, as of 1971. The total capacity of all hotels including non-classified is, according to statistics, 1,500 beds. Classification is by point allocation using quality criteria. The criteria are widely matched, so that, for example, hotels with international restaurants are put in a higher class. The same applies to hotels with a night club and a discotheque, tennis courts and golf courses. The classification systems at the moment fulfils its purpose completely; with the increase of supply a more discriminating system will however be required, taking into consideration not only the number of rooms and their condition but also the expertise of the personnel etc.

Following is a short account of the more important hotels and their individual characteristics:

CLASSIFIED HOTELS IN NEPAL BY LOCATION & CAPACITY, IN 1971

NAME OF HOTEL	LOCATION	NO. OF BEDS/ROOMS	CATEGORY
Soaltee-Oberoi		206/110	5
Shanker		120/60	3
Snow View		45/25	2
Blue Star		80/40	2
Paras		36/16	1
Hotel Camp		45/23	1
Hotel KT		32/20	1
Yellow Pagoda		80/45	2
<b>Total Kathmandu</b>		<b>1069/451</b>	
Birad	Biratnagar	16/08	1
Tiger Tops	Chitawan	46/23	1
Mt Everest Lodge	Nagarkot	22/11	1
<b>Total NEPAL</b>		<b>1213/525</b>	

Classification: 5 Star-deluxe, 4 Star-First Class etc.

Source: Department of Tourism & personal inquiries

## Hotels in Kathmandu

### Five Star Hotels

Following the Department of Tourism's classification the only current five star hotel is the Soaltee-Oberoi. It has 100 rooms and 220 beds. The price of a room in 1970 was about 14 dollars for a single room and about 22 dollars for a double room. This includes breakfast and tips but not 5% hotel tax.

The hotel is about one and a half miles east of the core area of Kathmandu in close proximity to the old Buddhist temple of Swayambhunath.

It has two restaurants and a tea shop and provides European and Indian cuisine.

While prices of the table d'hôte of about 2.2 dollars can be considered average for international hotels, prices of drinks are, as everywhere in Nepal, very high. Two examples will make this plain: a litre bottle of beer costs 1.21 dollars and one glass of Scotch whisky costs, at the present rate of exchange, 1.27 dollars.

Among the attractions of the Soaltee may be counted a casino, a swimming pool and tennis courts.

Its architectural design is in a rather unfortunate "international style".

### Four Star Hotels

The Annapurna Hotel classified as four star is the only one of this category in Nepal. Since 1967 its management is linked with the Hilton. In all there are 90 rooms and 180 beds available.

The room price in 1971 for a single room was 17.1 dollars and 29 dollars for a double room, including breakfast, but 10% service and 5% hotel tax is extra; room prices thus are higher than the Soaltee. Though, as in Soaltee, the rooms are on three floors, there is no lift. Its style differentiates the Annapurna Hotel from the others for an attempt has been made to build, though not successfully, in a Nepalese style.

### Three Star Hotel

Third ranking of Kathmandu hotels is the three star

Shanker with 55 guest rooms and 110 beds. A single room costs 9.1 dollars, a double room 15.4 dollars. A special feature of this hotel is the fact that it is an eighty year old Rana palace. After the closing of the similar Royal Hotel in 1966 the Shanker is the only "Palace" hotel.

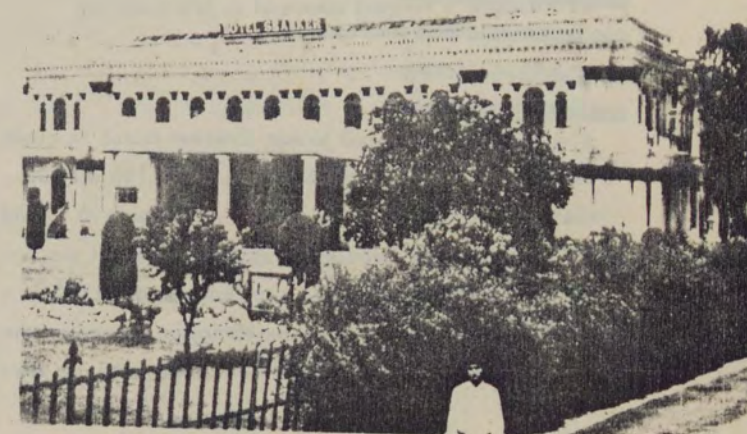
A new hotel in the capital is the three star Hotel Crystal. The prices for rooms with full pension are identical with the Shanker. Since the 66 beds in 35 rooms are on 6 storeys the Crystal is a typical downtown hotel located in the centre behind the Durbar Square.

### Two Star Hotels

The Department of Tourism assigns seven hotels to this category. In all they provide 350 beds. The main contingent of the guests in this quality of hotel are Indian business travellers. Prices extend from 5 dollars for a single room and 8.3 dollars for a double room. Baths and showers are met only in a few cases.

### One Star Hotels

In the category of one star hotels are four establishments offering about 145 beds. A single room costs 2.7 to 3.3 dollars a bed. Hippies are among the main residents, a tourist group, which in the past years have made Nepal known to an extensive number of people.





### Hotels outside Kathmandu

Outside Kathmandu are few hotels suited to international tourism including the Fish Tail Lodge, the Snow View Hotel, Tiger Tops and Mount Everest Hotel.

The Fish Tail Lodge has 12 rooms and about 20 beds; it was built about two years ago and is relatively of a good standard; each room has a private shower and W.C. The Fish Tail Lodge is 3 km from Pokhara Bazar on the main lake. This offers its guests, besides swimming, limited however because of the cold water to a few weeks, an opportunity for fishing.

The second of the above-mentioned hotels in Pokhara, acceptable to international tourists is the Snow View hotel. It is at the Pokhara air strip and has 10 rooms each with two beds. Two rooms on the other hand have a common cold shower and W.C. It is built, like many other buildings outside Kathmandu on one floor with a straw thatch.



The Fish Tail Lodge lying at 3,000 ft altitude at Pokhara's largest lake and in full view of the close Annapurna Himal

The newly constructed Mount Everest Hotel in close view of the famous mountain lies about 150 air kilometres from Kathmandu, and at an altitude of 13,000 ft. Developed by Nepalese-Japanese interest the hotel has 20 beds and guests are flown in by S.T.O.L. aircrafts. The one storey construction stands in one of the finest view points in the Khumbu area. It offers

excellent views of earth's tallest peak, the ease of a 30 dollar luxury hotel, with oxygen masks in each room.

Quite different is Tiger Tops Hotel, a typical safari lodge situated in Nepal's first National Park at about 45 air minutes from Kathmandu. Tiger Tops has 23 double bed rooms. The hotel is built as a tree hotel on 9-feet mahogany piles. It is managed by an American who was formerly a professional hunter here, in the Terai. Photo safaris are being organized by the hotel in the surrounding jungle to camera-shoot big game such as tiger and rhinoceros. Prices are 55 US dollars a day for double rooms and 60 dollars for singles, plus ten per cent service charge. The air ticket for the round trip from Kathmandu is 12.6 dollars.

### PLATE 18

The present distribution of accommodation facilities in Nepal is illustrated in the accompanying map indicating the predominance of Kathmandu over the rest of the country.

Visitors to the Tiger Tops Hotel are carried by elephants from the nearby Meghauri Airfield; the hotel lies deep in the tropical Terai jungles at about 300 ft altitude



### 2.2.2 DEMAND STRUCTURE IN HOTELS



### ACCOMMODATION FACILITIES

- CLASSIFIED HOTEL over 100 beds
- " " below 100 beds
- ▲ GUEST HOUSE



### Hotels outside Kathmandu

Outside Kathmandu are few hotels suitable for international tourism including the Snow View Hotel,

The Fish Tail Lodge which it was built about 1960 to a good standard; each has a W.C. The Fish Tail Lodge is situated on the main lake with swimming, limited to a few weeks, and

The second of the hotels is acceptable to international tourists. It is at the lake with each with two beds and have a common room and many other buildings with a straw thatched



The Fish Tail Lodge at Pokhara's large lake, the close Annapurna

The newly constructed hotel has a view of the famous mountains 100 metres from Kathmandu. Developed by Nepal, the hotel has 20 beds and a restaurant. The one of the finest view points

### 2.2.2 DEMAND STRUCTURE IN HOTELS

Two countries of origin contribute to more than half of the visitors total in all hotel categories, U.S.A. and India. The visitors from the U.S. account for one-third of all guests in the upper classes and for one-quarter in the three star hotels, while visitors from India have an increasing share in the lower categories but still hold almost one-quarter of the guests in the five and four star hotels.

From the statement of hoteliers questioned it seems that the majority of Indians can be classed as business travellers. Visitors from Western European countries contribute about one-quarter of the guests in the three star category and about one-fifth in the upper and lower classes respectively. An estimated 80% of the European visitors are tourists.

In some hotels Japanese, and Australians, but also Scandinavians are relatively important. In the very best hotel, the Soaltee, there is a clear predominance of U.S. visitors; as the quality declines their numbers also decline while European visitors increase in importance.

Visitors by hotel category and country of origin recorded are shown in the following table:

12  
VISITORS BY HOTEL CATEGORY and NATIONALITY -1970

	Hotel Categories %		
	5+4 Star	3 Star	2+1 Star
U.S.A.	31	20	10
United Kingdom	6	9	8
France	6	9	8
West Germany	5	8	5
Japan	5	8	4
Australia	2	13	6
India	23	25	33

Thus, the principal market is and in future will be the United States and the three European countries, United Kingdom, France, and West Germany; the secondary markets which are expected to contribute relatively large groups include Japan, Australia and Scandinavia.



The requirements of these tourist classes are chiefly in the three star hotels and above, that is, future demand will be for three stars and above. Young travellers use three star hotels and older visitors four and five star hotels.

Questioning of hoteliers in Kathmandu definitely confirm this trend, while for instance, in Hotel Soaltee the visitors, taking the whole year round, are on an average over 50 years old, the Annapurna Hilton is less with 40-50, and in three star hotels 35-45 years old visitors predominate. The quality of hotels built must suit the type of increase expected.

In general, future demand from international tourism, excluding hippies and globe-trotters using smaller hotels, will be confined to three, four and five star hotels. The older tourists prefer the five star category, the more youthful the three star.

Besides, a trend can be recognized for Americans, because of their social structure, to prefer a higher class hotel. While 30% of all the visitors to the Soaltee Hotel are from the United States, they provide only about 25% of the guests in the Hotel Crystal and Shanker for Europeans predominate in them.

We can deduce the following tendency from these developments. When new hotels are built especially for international tourists they will be of category three or above. In Kathmandu those hotels built for business men will be four and five star hotels, while those mainly to accommodate tourists will be four and three star. On the other hand outside Kathmandu where hitherto travellers have played no role up to now, but where the international tourist is to be met, three star hotels would prevail.

In summary one can say that the increase in the supply of accommodation is somewhat behind demand. But this general statement must be investigated from the point of view of quality. The supply of one and two star hotels is in excess, of three star hotels is about right, and that of four and five star hotels is deficient.

The interchangeability of demand for one or other class is linked with greater qualitative and price variation. One cannot predicate a suppressed demand, that is a demand which, for instance, occurs for hotels in the two star category, because it cannot be taken over by

hotels in the three star category. Therefore we must proceed from the idea that each category reflects the existing demand for them at this very moment, and future development must take account of this.

In general we can assume that about 90% of the visitors are tourists and that the business travellers, 10%, are negligible. By far the greatest volume of tourists travel in groups; individual tourism plays as yet an insignificant role. According to information from hoteliers and travel agencies, about 80% of the tourists are provided by travel agencies, and this provides some problems for the hotel industry in Kathmandu. There is the managerial problem when at definite times of day a complete change of guests takes place. If, for instance, a charter flight with 80 tourists arrives and these are to be lodged in a hotel, on the day of arrival and departure twice eighty guests have to be provided for. Handling baggage and changing the bed linen makes very great demands upon the hotel services.

A further problem raised by the organized travel is the dependence of the hotelier upon the travel agent. Although figures cannot be put to this there is a well-founded assumption that what many hoteliers say is true, namely the travel agents, as quasi-monopolists exercise their position fully in the fixing of prices.

Finally one must also mention that with this structure of demand in Nepal the failure of a single charter flight leads to 80 empty beds. Since, in addition, one party trip can hardly succeed another without a gap, difficulties arise in the economical management of the hotel. These problems must be resolved in future for a smooth operation of hotels is crucial both to the operator and the guest.

## 2.2.3 SEASONALITY OF HOTEL ACCOMMODATIONS

Table 8 indicating the seasonal flow of visitors to Nepal shows a peak in October, resp. August, and a low in June. Separate analysis of the seasonal habits of European and of North American visitors indicate notable differences. Relative to an annual index of 100, August, with 137, is the month with most European travellers while North Americans favour October (index 147) with March next. As noted above, the seasonality of visitor arrivals expresses the travel habits in the main regions of origin. While Europeans chiefly travel during the main holidays, American visitors travel completely independent of seasonal travel patterns. This indicates that there are considerable differences in the income level and social status of visitors.

Using information provided by the hotels, the seasonal distribution of guests in classified hotels has been assembled in the following table. The data stem from the hotels in Kathmandu and are for 1970.

SEASONAL INDEXES OF VISITORS DISTRIBUTION BY HOTEL CATEGORY-1970

	5+4 Star	3 Star	2+1 Star
January	85	49	44
March	113	98	92
May	104	110	112
July	108	69	93
September	75	80	93
November	115	128	119

The annual average is equal to 100

As the table shows, the following tendencies are apparent. Five and four star hotels of which there are two, are least influenced by seasonal oscillation and show a relatively even demand throughout the year. The highest index figure of 132 occurred in October; the lowest for June was 62.

The three star hotels, two in all, display a much greater concentration at certain times of the year. For example the highest index was 165 in October, a further high of 137 occurred in December. Already it is clear that the months of January, February and e-

ven March in comparison with the annual average have a relatively low demand.

The lower the class of the hotel the weaker becomes the demand in the early months of the year. Some one star hotels close during the month of January. While we are dealing with town hotels here we are meeting typical seasonal hotels empty for a number of months.

We can say the same, but more emphatically, about hotels outside Kathmandu. Tiger Tops in the Terai, Fish Tail, and Snow View in Pokhara also show a shortened busy period. The available data reveal that differing demand from season to season leads to these hotels being as good as closed for several months. The use of capacity is therefore relatively low since these hotels, even where they are open, rarely succeed in booking up to capacity.

The extremely low degree of occupation in hotels outside the capital has in the past lead to much delay in investing in new buildings.

The causes of the reduced occupation of the lower quality hotels in the three months of the year, and of hotels outside the capital, are in general the climatic and weather conditions. The temperature, on the long term average, in January is 46-47 degrees F (10-12 degrees C). Since the lower class hotel in many cases has no heating it is natural that such a temperature keeps away potential guests.

But guests arriving in Kathmandu in the first quarter of the year are mainly business representatives from Western countries. In general their business is in Kathmandu itself and they see no need to visit other places outside the Capital. Also, because of the heavy monsoon rains, transport from Kathmandu to the interior of the country is seasonally impeded.

Basically the relatively even distribution of demand in the course of the year in high class Nepalese hotels can be attributed mainly to the presence of business travellers. A leading role is played by business travellers from Western countries.

The maximum demand in all classes of hotels however is in October, and this is a clear expression of the influence of tourists.



## 2.2.4 OCCUPANCY

An important index of the economic significance of the tourist trade is the annual utilization of capacity of the beds or rooms available. We must therefore provide a review of the current situation in Nepal. The figures come from the data provided by hoteliers as far as they are available. As in other countries these figures contain certain unreliable statistics, but an examination of the balances reveals that a tolerance of 10% either way, usually an underestimation, is not exceeded.

In general it is a fact that hotels in the Capital reveal a different utilization of capacity from hotels in other areas. This depends on the different structure of demand.

The trend however can be generalized since natural and institutional factors explain the double maxima in the annual flow. This seasonal trend is determined by tourists and is fundamental, but differs locally, to all hotels in Nepal.

The months of January and February show below average quotas of capacity utilized, and there is a constant increase up to the first maximum of demand in May. The monsoon interrupts the increase in demand and leads to a weak demand for rooms. The second maximum demand is in October, November and December. The utilization of hotel capacity corresponds to this. The level of the seasonal requirements is determined by the proportion of tourists to the total demand for the current category. The number of business travellers, the second source of demand, increases (while the number of tourists decreases) as the quality of the hotel increases. This holds good even including Indian demand.

The above facts show quite definitely that the qualitatively higher class hotels have a better load distribution than the lower class ones. Thus the Oberoi-Soaltee Hotel shows a 70-75% employment of capacity throughout the year. Rather higher, about 80%, is the figure for room use in the Annapurna Hotel. All other hotels where figures are available have a lower utilization, in some cases oscillating between 40 and 60%. This is to a large extent dependent on a lack of employment early in the year caused by low

temperatures. The capacity use of hotels outside Kathmandu is relatively weak. Thus smaller hotels operate at an occupancy of only 40%, and various quotas are mentioned of 15 to 20% of available rooms.

If we look at the 80% of Annapurna we must admit that this is an extraordinarily favourable employment of capacity, not only in an international comparison, but especially taking Nepalese circumstances into consideration. Elsewhere we said that 80% of the guests at the Annapurna Hilton and the Soaltee are tourists. Since the average length of stay in hotels of Kathmandu is only 3.5-4.5 days this means that it copes excellently with the organization problems resulting from a quick turnover of guests often in large groups.

A 70-80% occupancy rate per room however does not give an indication of the utilization of beds. It is conceivable that when there is a big demand every double room is fully occupied, but during times of weaker demand a single person may be lodged in a double room.

The average occupation of rooms in the three, four and five star hotels is about 1.5 persons a room. This would mean that when the rooms were 75-80% booked the beds would be 60% utilized. In this connection one must note that about 80% of all the beds on offer are in double rooms.

A consideration of this employment of beds, using European standards, reveals that it is about that for hotels in spas, seaside resorts etc.. It is far below the capacity utilization for big town hotels.

In comparison with very good employment of capacity in Kathmandu the utilization, below 40% of the rooms, of hotels outside is not sufficient to encourage private investment. Not least this is due to a deficient transport system. Thus cases have been known of guests having to spend ten days more than they had planned in a place and a substitute plane could not be obtained. Hence travel organizers are very reluctant to organize journeys outside Kathmandu. This leads to this relatively poor utilization of the hotels outside Kathmandu in the past.

In addition one cannot neglect, as we have frequently

mentioned, that the early months of the year display climatic and meteorological conditions not propitious in the past to summer vacation tourism.

The preceding climatic data show that considerable climatic variations exist in Nepal, e.g. between the Terai lowlands and the high altitude areas. Still, individual regions, taken by themselves do not offer enough attractions for destination tourism.

Therefore one must reckon with the fact that hotels outside Kathmandu must be looked upon as seasonal, closing down in some cases for several months.

The importance of air transport for the full utilization of the existing accommodation capacity in outstation hotels is especially highlighted by the recent increase in air operations between Kathmandu and Pokhara and the resultant improved occupancy of hotels in Pokhara.

## 2.2.5 PRICE STRUCTURE

In general, where the supply is of high quality in Kathmandu, there is a sellers' market. At least at the moment there is definitely good demand for hotel rooms. The lower the quality however the more does the buyers' market predominate. This fact is confirmed by the development of prices.

Only in a sellers' market is it possible to increase prices within five years by a hundred per cent without making an impression on demand as was the case, for instance, in the five star Soaltee. This means that a single room in 1965 costs about 7 dollars while in 1971 it rose to about 14 dollars. In the same period the double room rose from 10.5 dollars to about 22 dollars.

In the Hotel de l'Annapurna the price for a Single increased from 10 dollars in 1966 to about 17 dollars in 1971. Likewise the prices for double rooms rose from 17 dollars to 29 dollars in the same period. Thus, prices in the four-star-Annapurna are somewhat above those in Soaltee Hotel rated five star.

There was hardly an increase - for here the buyers' market asserts itself - in the two and one star hotels. However, we must add that from the point of view of quality international tourists only consider three star hotels. The prices quoted in the above mentioned ho-

tels refer to individual tourists. Groups in Nepal as in other countries obtain a reduction. According to official sources this is generally between 5 and 10%.

When a reduction is not given directly it may be obtained in the form of a free night's stay as a few examples may make clear. The Soaltee Hotel gives one free night to a group of 15. The Hotel Shanker gives the tour originator a 10% reduction and in addition provides the group leader with free accommodation. The Lali Guras Hotel gives a 5% reduction to a group of 10. Something similar is reported of many other hotels.

The following give no reductions to groups, the Hotel Paras, the Hotel Green and the Hotel Mount Makalu. This is mainly to be accounted for by the fact that these hotels are not visited by groups.

The official information about price reductions may however be seldom adhered to. From the rather scanty information one concludes that the average proceeds are considerably less than those theoretically arrived at. One concludes that price reductions to tour originators are large.

There is no fundamental reason why there should not be price differentiation as between groups of various sizes or at different times of the year. On the contrary they are an important instrument of sales policy.

Price differentiation means that either at certain times or for certain parties the full price is not demanded. A precondition however is that all the full price is obtained in the long run. This happens if the costs are not covered at certain times but are recovered from other visitors. In effect, non-group travellers are charged higher prices and it is these individual tourists who provide for the cost compensation.

This sales policy leading to the relatively high price of a night's accommodation in high class hotels is linked to two sources of risk.

- The private traveller, if he is a tourist, might be thwarted.
- Hence the dependence of Nepalese hotels on tour organizers will continue or increase.



- This in turn will lead to the fact that the consequential rise of prices from the quasi-monopoly of travel agencies will not be spread equally over all accommodation but will be passed on to the individual traveller. (The negative economic effect of this price policy, especially for obtaining foreign currency, is shown elsewhere).

The above statement of the situation of the market must be considered from this point of view. A detailed additional analysis is necessary. In any given case hoteliers should as freely as possible seek out a proper scale of prices.

## 2.2.6 THE ECONOMIC STRUCTURE OF THE HOTEL INDUSTRY

### (a) The Transport Position

One of the most significant problems affecting the hotel industry as a whole is the transport and communication situation in Nepal. This is true both for international links and internal connections. Although Kathmandu is the principal destination for international tourism at the moment the spreading of tourism to other areas in future is extremely conditional upon the expansion of the transport infrastructure. Air transport is and will remain to be the most convenient method of transportation to and within Nepal for the volume of tourists.

Close dependencies are therefore in evidence between the capacity and occupancy of hotels on the one hand and air transport on the other. Even more so are these decisive for the future planning of hotels both in terms of location, minimum size and standard.

In 1970 about 46,000 visitors came to Nepal. According to representatives of the hotel industry about 85-95% may be considered tourists, that is between 39 and 41 thousands. Of these again about 80% were group travellers, while 20% can be classified as individual tourists. All in all group tours accounted for 32,000 visitors or about 70% of all visitors.

Such a high proportion of chartered flights leads to three problems from different causes but which heavily strain the hotel and innkeeping industry.

- Opportunities of accommodating bigger parties.

- The empty rooms when charter flights do not take place and
- the dependence of hoteliers and innkeepers on tourist agencies, who thus acquire a very strong position in fixing prices of accommodation per night and for food.

As stated above there are only few hotels big enough to accommodate parties of 50 or more. The trend is towards larger aircrafts and account has been given to this tendency with the extension of Kathmandu Airport now underway. Bigger parties will have to be accommodated in future. This means that first of all in Kathmandu correspondingly large hotels must be available. For experience shows that travel agents wish to deal with one hotel only when arranging for a party.

From this we conclude that more existing hotels must build extensions adequate for the future bulk demand and that new hotels of the right size are required.

This development created by international air traffic makes it necessary for every hotel capable of accommodating the flows of international tourists, mainly five, four and three star hotels, to have a minimum of 150-200 beds, or about 100-150 rooms.

The second group of problems mentioned as bringing difficulties to hoteliers arises from a cancelled flight. This may be caused by the travel agencies, but also, as experience shows to be the main cause in Nepal, flights may not be able to land at the Kathmandu airport because of bad landing conditions and the absence of night-landing facilities and thus planes will have to land at intermediate spots. This leads to a corresponding loss of a night's stay.

During the monsoon period up to five flights a week to Kathmandu are cancelled because of poor visibility. This results in an immediate reduction of the bednights sold.

Only when it is ascertained that a flight to Nepal can land even when weather conditions during the time of flight and landing are not very favourable will it be possible to remove this very negative influence on the average occupancy of hotels.

The third factor, mentioned above, affecting the hotelier adversely because of the structure of the visitors,

is the great dependence on the travel agencies.

About 70% of all visitors to Nepal are group travellers. The market advantage of the travel agency is thus monopolistic.

Unofficially, representatives of the hotel industry said that, in the off-season, neither the stated prices per night, nor commissions for travel agencies can be held. The result is that in many cases prices and rebates are offered that do not allow all the costs to be recovered.

Now that a provisional calculation of the costs of components is more frequently employed as an instrument of price policy in the hotel industry in Europe, from the point of view of the economy of a hotel one must inescapably cover the complete costs over a period of a year.

These facts explain the relatively high prices charged in Kathmandu hotels for individual tourists.

But as prices in Nepalese hotels exceed those in other tourist destinations individual tourism is affected and this market segment reduced. The competition is increasingly displaced, as many examples show, to what is available outside the hotel. In this area, however, Nepal has as yet little to offer. The competitive situation of Nepalese hotels is thus continuously deteriorating.

The solution of the problem described here of linking supply and demand is an indispensable precondition for the future development of tourism in Nepal.

### (b) Taxation

The tax situation in Nepal is characterized by the fact that general taxation has only been introduced in recent years. Tax laws, as is common in developing countries, are under constant discussion and changes are always possible.

Thus in the case of customs duties there is complete legislation, but other taxes are mainly subject to administrative orders.

Besides customs duties three types of tax must be taken into account by hotels and inns: the income tax, the sales and the hotel taxes.

### Income Tax

The income tax, introduced by the "Income Tax Act, 1963" amounted in 1971 to between 7 and 55%. The level is fixed annually and published in the budget plan. The system applied is a combination of linear and progressive taxation. The taxable income is calculated by balancing total income and expenses. The expenses allowed for taxation coincide generally with these in most other countries. Even property with a long life must be amortized over its life. While in the calculation of the life of a hotel there is scope for wide variation, in general, the average hotel buildings are said to have a 33 year working life. Machines and mechanical apparatus have a useful life of, on the average, 10 years.

Since the legal tax structure is still being built up special write-offs or other quick write-downs are not expressly described. One could conceive that, especially in the Kathmandu Valley, much threatened by earthquakes, corresponding provisions could come into operation. The same applies to investments in distant areas where the infrastructure is just being built up. Such special depreciations are an effective taxation instrument of economic policy.

As far as is known the assessment of initial cost is like that which applies to the sales tax. The assessment of initial costs and manufacturing costs will be described in detail for the sales tax.

Hotels, like other industries, may, under certain conditions, obtain a temporary exemption from taxation. At the beginning of 1972 this was, in general extended to a maximum of 10 years, while at present it applies usually for 5 years. A prolongation for a further 5 years is possible only if extraordinary circumstances exist.

Hotels may enjoy this tax holiday if, because of their higher quality, they exert special efforts to bring in tourists either through providing sports facilities, such as swimming pools, tennis courts, and bars, or as in the case of the Soaltee through night clubs etc. The basis for the qualitatively higher hotels needing a reduction of taxes is that the supply of tourist attractions outside the hotels is nearly non-existent. Since guests expect this of the higher quality hotels



it is a duty for individual hotels to supply them.

In order to extend the hotel trade further, especially from the point of view of foreign investors it is extremely necessary to create, in connection with income tax, a state of affairs that is clearly defined in a body of regulations on taxation providing all relevant information for foreign investors in the hotel industry. These regulations should be applied neutrally and objectively to both local and foreign investors provided that any such investment is in line with the country's objectives for the development of the hotel industry.

### ● Sales Tax

The sales tax corresponds more or less with the turnover tax in other countries. Relative to the income tax the sales tax is much greater and forms about 65 per cent of the tax income in Nepal; it is a turnover tax at each stage of sale.

All goods employed in the hotel industry, including investment goods like bricks, cement or interior installations and consumption goods are subject to tax.

The sales tax is 9 %, and is obtained by a complicated totalling-up process. As the following example<sup>1</sup> shows we begin with the cost inclusive of insurance + freight (c.i.f.) at Calcutta, and add on a customs duty (of 12% in this example) Transport costs are added to this intermediate sum, and finally to this amount 15% of "contingent payments" and "probable profits" are added. This 15% must be taken into account since the tax legislation assumes that in some cases goods will not find their way into the hotel business but into the black market. An attempt to counteract this is by means of this 15% supplement to remove a possible profit to the hotelier from a sale in the black market.

#### <sup>1</sup>Example for calculating the Sales Tax:

Costs c.i.f. at Calcutta .....	10,000 \$
+ tax 12 % .....	1,200
Total .....	11,200 \$
+ transport costs to the frontier .....	100
	11,300 \$
+ 15% "contingent payments" and "probable profits" .....	1,695
	12,995 \$
of which 9% tax equals to .....	1,169

According to an administrative directive of the Ministry of Finance in the spring of 1971 this method of calculating the tax is used for the importation of machines, refrigerators, and goods used in the hotel and with the hotel monogram on them like cutlery, towels, bed linen etc. For imported goods that do not come under this regulation the turnover tax is calculated by multiplying the cost by 3, and then charging a 9% tax.

The above mentioned rule is to some extent an improvement on the former estimation of the sales tax for in the past the method was to use the c.i.f. price at Calcutta multiplied by 3, plus 9%. While, as the example showed, by the present method a sales tax of exactly 1,169,55 U.S. dollars is payable upon a cost price of 10,000 dollars, by the former method, for the same cost, the resulting tax was 2,700 dollars.

### ● The Hotel Tax

In comparison with the above-mentioned income and sales tax there are no problems in the hotel tax. In all hotels it is 5 per cent on goods and services, i.e., on accommodation, meals and drinks.

### ● Customs Duties

Customs are a part of the revenues difficult to assess. The tax rates differ considerably: For example for certain machines they are as low as 1 per cent, while duties for special alcoholic drinks amount to more than 200 per cent.

They are calculated by alternative methods. Either they are calculated on the c.i.f. costs at Calcutta to which 70% is added and to this sum of 41,330 rupees are added per gallon, or, to the c.i.f. costs at Calcutta, an addition of 330% is made. The higher yield is the one applied.

The cost, with the customs duty added, is the base price for the sales tax. Thus for alcoholic drinks the prices are quite prohibitive. A bottle of beer costs about 0.97 dollars, a glass of whisky about the same. It is not surprising that under these conditions the bars in all the hotels visited were empty

or had only one or two guests. Since the write-up on drinks is, in general, relatively high a corresponding reduction of customs duties in order to increase the consumption of drinks might contribute to the increased profitability of the hotel.

Finally we must mention the house and land tax which is relatively local (12 places) and low (7 rupees per 1,000 rupees, if the building costs are above 110,000 rupees) and unimportant.

In summary, the tax situation of the hotel industry is rather complicated. The Treasury, in order to cover state needs and pay back loans must resort to every possible source of taxation. Since the tax administration is still being built up, and only about half of the taxes can be collected, a concentration upon a few concerns is unavoidable. To the group of taxed concerns belong all the classified hotels.

Although it is understandable from the short term view of the Treasury that taxation is only a marginal instrument for guiding economic policy, there are a number of reasons for reconsidering past tax policy from the point of view of the hotel industry.

The reasons for this are:

- the general economic situation of Nepal creates problems for the hotel industry not found in this scale in competing countries. This leads to a definite deterioration of the situation. Here are some examples: high dependence on imports, deficient transport conditions, lack of an infrastructure for tourism.
- Because of the favourable yield-costs relationships of the hotel industry, in comparison with other branches of the economy, in Nepal this branch contributes to the economy and foreign trade and assist the economic development of individual parts of the country.

The way hotels are taxed must take these effects into consideration and, in agreement with the investment policy of NIDC, make a contribution that will materially stimulate them. Therefore it is necessary to reconsider various taxation measures like the imposition of a sales tax upon investment goods, or of a house tax upon hotel buildings, and the nearly prohibitively high customs duties. Besides reconsidering these various types of taxation there should be an examination of how taxation can make investment attractive in distant locations where there are

additional difficulties.

### (c) Building Costs

The building industry in Nepal faces mainly two cardinal problems today

- the shortage of qualified labour, lack of labour during peak (harvest) season, as also the absence of sufficiently large and competitive construction firms.
- the crucial dependence on imported materials such as steel and cement, and shortcomings in the local brick factories.

Lack of construction materials has in fact caused considerable delays in hotel constructions in recent years and there are as yet no signs that this situation is to change. Though increased use of local brick and wood would solve some of the supply problems especially in housing constructions, the danger of earthquakes in the Kathmandu Valley makes it necessary for high rise constructions to use steel and concrete; thus large buildings, including hotels, are set on a concrete raft floating on a loose foundation. A further building problem peculiar to downtown areas is

- the fact that while the hotels are to be extended the old town plan must be preserved and
- the fact that property in Nepal, and especially in Kathmandu, is often very split up and an hotelier wishing to extend in the middle of the town by even a few metres may have to deal with twenty or more landowners.

All these problems lead to a considerable delay in building and a great rise in building costs.

If one speaks of luxury hotels, high class hotels and first class hotels, then the building costs of luxury hotels in Nepal correspond with the costs of a high class hotel in Europe.

Generalizing very freely here are the costs of building in Nepal:

#### BUILDING COSTS PER ROOM

(in April 1971)

Category	in U.S. \$	in N. Rs.
xxxxx	12,500 - 15,000	137,500 - 165,000
xxxx	10,000 - 12,500	110,000 - 137,500
xxx	7,500 - 10,000	82,500 - 110,000
xx	up to 5,000	up to 55,000



The prices quoted above are average values. They may be exceeded upwards if there are special terrain problems. They may be lower if, for example, the buildings are additions and extensions.

We have already mentioned that transport costs account for an important part of building costs. An exceptional example here is the newly constructed hotel at Songboche, near Namche Bazar. Most of the basic construction material was imported from Kathmandu. Each sack of cement had to be carried by a porter to the site, taking 10 to 12 days. This brought the cost per sack from 2 to 14 dollars.

As in building a hotel in other parts of Nepal such high bearers' costs would be encountered (transport by a helicopter or any other air transport would similarly increase transport costs), the transport costs for all buildings outside Kathmandu are extremely important. Under these circumstances one can understand that building costs for buildings outside Kathmandu cannot be quoted without great reservations and each case is different.

The above mentioned building costs are average costs. They comprise both buildings and equipment. While buildings in most cases are built with local or Indian building materials, interior equipment is mainly imported. The imports are chiefly technical apparatus like telephones and radio sets, like kitchen equipment and washing and cleaning machines, air-conditioners, refrigerators and refrigeration chambers, water purifiers and fire alarm apparatus, heating apparatus, and power plant.

In general the proportion of convertible currency to the total building costs are about 33%. Information provided by the NIDC suggests that the proportion of convertible currency rises as the quality of the hotel rises. A rough calculation shows that for four and five star hotels about 45% of the building costs are for imported goods, India not being counted as foreign. It is the policy of the NIDC to obtain loans abroad to this amount.

These facts make clear that before foreign currency comes in from tourism a considerable amount of foreign currency must be paid out.

In building a 100 room (200 bed) hotel of three star quality, of the building price of Rs 9.7 millions

about Rs 4.1 millions is in convertible currency. In the case of a four star or five star hotel with 100 rooms this amount would be between Rs 3.9 millions and Rs 4.4 millions. This state of affairs requires the highest priority when considering investment.

## 2.27 ANALYSIS OF INCOME AND EXPENSES IN THE HOTEL INDUSTRY

### (a) Income

The following analysis deals with the individual items of income of the hotel industry in Nepal and is confined to the hotels and lodges, for there is no information about other forms of accommodation; further it is confined to those classes of hotel used by European and U.S.A. tourists.

Information for this was provided either by individual hotels or originated in calculations made by the NIDC.

The following table provides a general review of the income of the Nepalese hotels investigated; these are compared to values from a worldwide investigation of hotels carried out by members of the study team in 1970.

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### STRUCTURE OF RETURNS

RETURNS	HOTELS IN NEPAL	HOTELS IN ASIA <sup>1</sup>
ACCOMMODATION	52 %	53 %
FOOD	34 %	29 %
BEVERAGES	11 %	12 %
OTHERS	3 %	6 %
TOTAL RETURNS	100 %	100 %

<sup>1</sup>Average Value in International Hotels in Asia, 1970  
SOURCE: Worldwide Comparative Survey by the German Economic Institute for Tourism in the University of Munich

The analysis of the ratio of the various types of income to the total turnover shows that there is no great difference between Nepalese hotels and comparable hotels in other parts of Asia. The returns from the accommodation side of the Nepalese hotels are 51-52%. The comparable value for international hotels is 53%. This means therefore that rather more than half the total turnover comes from accommodation. In saying this we must remember that some of the Nepalese hotels analysed here are under



foreign management which means that hotels like the Soaltee or the Annapurna Hilton approximate their revenues and expenditures to international standards.

The income of Nepalese hotels not only closely resembles that of other international hotels in a relative way, but it hardly diverges from them in amount. This is shown by the index of the net proceeds of a night's accommodation per room and day. While, for example, the net proceeds (not to be confused with the price charged per night) in an international hotel averages about 17.90 dollars per room per day, the Nepalese hotels analysed had an index of 15.10 dollars, the difference only amounts to 2 U.S. dollars a room.

This index is an expression of the cost of the room only but not of the utilization of the room, that is, the use of a double room by 1 or 2 guests.

If the utilization of the room is included in the comparison a significant difference is revealed. While the hotels in other countries analysed showed each room had 1.2 occupants, that is, that the second bed in the double room, taking the year round, was only occupied on one occasion in four, hotels in Nepal register 1.5 occupants per room. This means that each second bed was only half as much occupied as the first one.

Concluding from this, hotels in Nepal produce a rather lower return from accommodation per guest than other international hotels in Asia. This supports the opinion expressed above that the Nepalese hotelier, because of his dependence on the travel agencies for group bookings, has to charge prices that do not cover costs.

A further analysis of the returns reflects even more this price policy. Returns from meals (34%) are about five points above the average. This reveals the unfavourable position of the market for food supply required for the international tourist for it is often deficient in quality or not available, so that 50% is imported, the price being further enhanced by high import duties and transport costs. The local producers of agricultural supply have so far failed to utilize the potentials which exist in the field of high quality agricultural products, or, as in some cases, seasonal factors bring about lower quality.

In this connection one must note that hotels are not applicable to use part of the foreign exchange earned (as are non-profit exporters which fall under the Foreign Exchange Entitlement Scheme).

In contrast to the differences from the international norms for providing meals, the part of the total income that comes from drinks is 11% and rounds the international average of 12%. However this figure is misleading in its implications. While in fact the returns in the other international hotels analysed refer to great consumption the turnover in the drinks section of the Nepalese hotel is mainly a matter of high prices. The high prices reflect the high costs. There is a difference between returns based on value and quantity.

"Other income" in international hotels amounted to 6%, while in Nepal it was only 3%. This income consists mainly of telephone and similar charges. Telephone bills in international hotels in Third World Countries amount to 4.5% of total proceeds, while in Nepalese hotels they are quite insignificant. This state of affairs naturally results from distance from the main areas of demand and no great increase is to be expected in the future.

The returns from Nepalese hotels therefore are characterized by the relatively low proceeds from accommodation, the result of the quasi-monopolistic position of a few Indian travel agents and also by the high prices of food and beverages. In contrast with the average international hotel this state of affairs is a function of the fact that prices are high and amount sold low.

#### (b) Costs (Expenses)

The expenditure side of every profit and loss account of an hotel is determined by two factors: costs of goods and costs of personnel.

The level of the cost of goods for the kitchen is about 48% in the Nepalese hotel. This is relatively favourable when one remembers that most of the guests are tourists and that one has to cater more tightly for them than for business travellers.

In comparison with international hotels in Asia this proportion is well above the average and therefore unfavourable. In other hotels this index is 40%.

This implies that either the food is cheaper or that it is possible to sell at higher prices. In the Nepalese hotels we must remember these double disadvantages.

Because of the high proportion of tourists to the total demand the prices have to be kept within narrow limits, while, the purchase costs are higher because of the great dependence on imports.

Even more unfavourable than the average for international hotels in Asia are the purchase costs of drinks. Here the difference is greater than for food in Nepalese hotels. The initial cost is 50% in contrast to about 33% in other hotels. Both on the demand and supply sides the difficulties to be overcome are considerable.

Because of the high costs of goods and the low yields from food the ratio of cost of goods to total yield is different from that in the average international hotel where the cost of goods is in the order of 17%, while, in Nepalese hotels it rises as high as 21%.

Of considerable importance for the economy of the country is the fact that a great part of the foods and drinks supplied by the hotel must be imported since a corresponding local product is not available. We have already said that these imports meet with difficulties in some cases since the government sometimes does not think, even though the law allows it, that it can afford to provide the necessary exchange. When local substitutes are used the guests often complain.

Here the prices quoted refer to the year 1970. Since meanwhile there has been a further increase in cost prices the index may well have changed to the disadvantage of the Nepalese hotels.

The cost of personnel in Nepal hotels is more favourable than in international comparison. While in the latter 30-31% of the total costs are personnel costs, in Nepal hotels they are about 20%. This can primarily be accounted for by relatively low wages. The number of employees per bed in comparable hotels on the international plane is 0.8, while in Nepal it is 1.5. This is not only an expression of the available labour, but of the relatively low productivity of hotel employees. Since Nepal, like other developing countries, will have to reckon on a steep increase in wages in the future,

a pressing task is the further training of the personnel.

Although we deal elsewhere with the problem of training personnel, this is mainly the training of chamber maids, service personnel and receptionists etc.

There are two possibilities for educating personnel, and a combination of the two is preferable.

- The initial training of personnel hitherto not employed in hotels, and
- refreshment courses to be held annually or bi-annually to upgrade performance of the hotel industry personnel

In training new employees in Nepal as in other countries where tourism is in its early stages, it is difficult to make an accurate estimate of the need for employees. This arises from the fact that in general it takes as long to train personnel as to build the hotel. Experience suggests it takes two years. While the training of students cannot be interrupted, in construction interruptions are common, and even fixed plans, for one reason or another, cannot be realized. This may, in time, lead to an overproduction of trained staff in hotels and inns who have later to be accommodated in other trades. In time this means that the image of employment in hotels and inns will suffer and, as for instance in India, the quality of those seeking training will fall.

The solution to the problem of personnel training has however long since been realized and Government has recently prepared a project plan which envisages the establishment of a training centre for staff and management personnel in the tourist industry. The UN-sponsored project is planned for execution in 1972 and the centre should thus be operation around 1974. It will then relieve the hotels from the burden of training their own staff and help upgrade performance.

Further outgoings, in comparison with the international hotel, reveal only small differences. Maintenance is considerably higher, and this, as we have already mentioned elsewhere, because of the rather poor building and the fact that very frequently hard currency is not available and therefore certain machines and mechanical installations or other



equipment have to be bought in India and these break down relatively frequently.

The write-off is in general similar to the percentage observed in international hotels. The buildings are amortized by 3% annually, the machines and mechanical plant by 8-12% annually.

Remaining costs amount to about 19% of the total, and this is not noticeably different from corresponding values for international hotels.

In certain respects, especially in comparison with former years, some cost elements are now of less importance than in the past.

Several outlays have declined in recent years the infrastructure having improved meanwhile. Expenditure on electricity is the chief of these.

In the case of electricity it can be shown that the hotel industry does not receive the same favourable treatment as other industries. While in industry large consumers receive quite big rebates, this advantage in the past and today is refused to hotels.

The outlay side of the Nepalese hotel is characterized by several deviations from the average international hotel, but in the long run these should level out. This applies to goods and personnel. As is the rule all over the world the direct and indirect costs of employees will increase. If at the same time the outlay on goods does not decrease the logical consequence is a deterioration in profitability.

This discussion reveals the intimate interaction of the total trade and the economic environment. The tourist trade is defined scientifically as "the displacement of his household by the traveller". The visitor's standard of living determines the standard of the hotel. The greater the difference, the greater are the necessary preparations to satisfy the traveller's requirements.

#### STRUCTURE OF EXPENSES

COSTS	HOTELS IN NEPAL	HOTELS IN ASIA <sup>1)</sup>
GOODS	21 %	17 %
WAGES	19 %	31 %
MAINTENANCE	7 %	5 %
OTHERS	19 %	17 %
TOTAL COSTS	100 %	100 %
OVERHEADS i.e. LEASES & RENTS, TAXES & AMORTIZATION	34 %	30 %

<sup>1)</sup>Average Value in International Hotels in Asia, 1970  
SOURCE: Worldwide Comparative Survey by the German Economic Institute for Tourism in the University of Munich

#### (c) The Profits

In order to analyse the profits of hotels in Nepal one must first calculate the profit threshold. This is obtained from the formula

$$\frac{\text{fixed costs} \times 100}{\text{total proceeds} - \text{variable costs}}$$

The fixed costs are those which remain the same throughout the year and are not dependent on turnover. The variable costs on the other hand vary with the turnover, that is, they increase with a rising turnover and decrease with a declining one. This does not mean that in the case of variable costs they are proportional to the turnover, for they may be progressive or regressive.

Typical fixed costs are, for example, amortization or insurance payments, rents, some maintenance and office costs and a large part of the wages. Variable costs include, at least in Nepal, the service workers, cost of goods, water and power, etc.

If one analyses how costs are borne by a Nepal hotel the fixed costs amount to about 17% of total costs. This seems relatively low in comparison with the international hotel. This is mainly because in Nepal very many of the labour costs can be described as variable.

After the fixed and variable costs the influence of the proceeds on the profit threshold is of the same order. Basically large proceeds imply a low profit threshold and the reverse holds true.

We have often emphasised that yields in Kathmandu are different, that is, higher than outside. This is seen also in the price structure for the better hotels obtain relatively greater yields than others.

It follows that for existing hotels and for hotels yet to be built that there are at least three categories of return.

If these categories are applied to the formula above it can be seen that the income factor covers the other factors (level of total costs, proportion of fixed and variable costs to the total costs): there are then three fundamental break-even-points, namely 41% for four and five star hotels in Kathmandu, 45% for three star hotels in the capital, and 48% for the remaining

hotels in Nepal. This means that if there is a 41, 45 or 48% utilization of rooms in each respective category the profitability threshold has been attained.

Because of this relatively favourable break-even-point (it is 48-50% in the hotels used for comparison) the overheads for hotels in Nepal are fairly favourable. For international hotels overheads of 30% are characteristic. For hotels in Nepal this index is about 34%.

The above mentioned overheads are the remainder after deducing working costs, but before the deduction of taxes and - according to the method of calculation - before amortization. This balance will however change when the costs of labour rise in Nepal, and especially if the structure of labour costs more and more become a fixed cost as is already the case in other developing countries. Thus one can conclude that the relatively favourable break-even-point that still exists, in the future will also become similar to the international norm. Therefore in the predictions of demand given below for the proposed hotels we employ a uniform break-even-point of 48%.

This profit, if it is obtained by foreign hotel companies, or by foreign capital, may be exported up to a given percentage as freely convertible currency. This is regulated by the "Industrial Enterprise Act" stating that up to 10% of capital and 25% of profits can be exported in convertible currency.

To conclude, then, we turn now to those spheres of the Nepalese economy that are directly affected by existing hotels and the future expansion of the hotel plant.

First taxation. Taxes fall due as the hotel is being built, e.g., the sales tax, and, when in operation there is the corresponding hotel tax. And after a tax holiday period, at latest after five years, the income tax.

The next matter is electricity the costs of which is by no means insignificant in the hotel trade. In fact the Soaltee Hotel is the chief consumer of electricity in Kathmandu and hence in all Nepal today.



The most direct return that flows into the country's economy is through the expenditure of tourists in so far as it is spent outside the hotel. At current prices the tourist spends an average of 6-8 US dollars per day of his stay, in addition to the cost of accommodation and food.

A not inconsiderable amount goes to the Royal Nepal Airlines Corporation as it provides air transport for the tourists to and within the country.

Less direct but of prime overall economic significance are the effects on the labour market. Since the hotel and catering trade is a very service-intensive branch of the economy it represents an important producer of employment opportunities. As stated above at present there are 3 persons employed per hotel room or 1.5 per hotel bed. Today some 2,250 persons are employed in the Nepalese hotels and an estimated additional 250 in the allied trade including the travel industry. Each further extension of the hotel capacity, for example of 100 rooms, entails the employment of c. 300 people.

The personnel intensive structure of the service sector reveals the importance tourism can play as a regional economic force.

Yet before benefits can accrue to the overall economy through the expansion of the tourism industry, a number of economic costs are involved.

First there is the investment in the hotel, then the cost of the supporting infrastructure, the extension of roads, utilities, and transport facilities, such as airports and equipment needed by the Royal Nepal Airlines.

The figures available to the NIDC, and exclusively applicable to the Capital City only, assume that the total economic yield of investments in the hotel trade is about twice the economic outlay in overall economic terms, and, provided that major infrastructural investments are not involved. This global assumption will be further analysed in Section 3, The Economic Importance of Tourism, in which are assembled and discussed those factors which in effect determine the economic return the tourism industry can bring.

### 2.3 THE TRAVEL INDUSTRY

The travel industry developed relatively slowly in Nepal because of the strong influence of the Indian travel agencies controlling the market. In fact the first travel agencies in Kathmandu at the end of the 50's were branch offices controlled by Indian interest. In the past ten years a number of local travel agencies and tour operators came into existence though the situation has not changed as most of the big European and North American travel companies continued to employ the services of the Indian partners which had the advantage to provide such services more comprehensively in the Asian market. This is particularly true in the package deal.

The Indian travel agencies generally function as intermediate agents in the package deal, selling parts of the Asian tour to the international travel company which they have previously booked with Nepalese agencies. Through the Indian subcontractor the Nepalese agent loses a proportion of the provision he would have obtained directly from the international whole-saler. This brings not only a loss of hard currency but also reduces the entrepreneurial possibilities of the Nepalese agent who is in an unfavourable seller's position. The solution to the problem lies in the exclusion of the Indian middle-man. This is however difficult to accomplish mainly on three grounds:

- The package deal is tailored to the needs of the big international travel agencies which dominate the market. They can improve their competitive advantages by using the services of regional travel agents which have both better access and control of the regional market. The Indian travel agencies have these advantages since they can sell the whole Asian package in which Nepal represents an appendage to the programme.
- The possibilities for the Nepalese agencies to sell directly to the international whole-saler are inseparably connected with Nepal's success or failure to achieve an independent tourist flow. This can however be accomplished only in the long run as the subsequent analysis indicates.
- The realization of this goal would as far as the travel industry in Nepal is concerned necessitate the crea-

tion of a few dynamic travel agencies willing to enter aggressive sales promotion in the world market. None of the pre-conditions exist to achieve this end. Moreover present tendencies suggest a further fragmentation of the travel industry.

Today the travel industry in Nepal is mainly concentrated in the City of Kathmandu with a few branch offices operating at Pokhara. It consists of ten travel agencies and tour operators the most important are

- Yeti Travels IATA
- Third Eye Tours IATA
- Everest Travel Service
- Nepal Travel Agency IATA
- Kathmandu Travel & Tours
- Gorkha Travel
- Himalayan Travel & Tours
- Mountain Travel

The travel industry employs a total of c. 170 persons, the staff of the travel agencies range from 5 to 40 employees.

Three of the travel agencies are recognized by IATA. "Mountain Travel" is specialized in Himalayan Trekking and sells directly through its representatives abroad.

After the recent amendment of the Tourist Industry Regulations of 1965 which previously discouraged the joint operation of a hotel and a travel agency in one hand, some hotels are now establishing their own travel agencies, a tendency which is certainly not conducive to the creation of pre-conditions required under which travel agencies would improve their competitive situation.



## 2.4 A COMPARATIVE ANALYSIS OF THE TOURISM MARKET IN INDIA & NEPAL

As noted above, statistics on tourism in Nepal are rather limited and confined to data processed from the frontier statistics while data on the qualitative structure of the tourist market are as yet absent. However, since the majority of visitors to Nepal have visited India before proceeding to Nepal on their round trip, there is sufficient evidence (to which the following analysis will add) that tourism in both countries is very similar in structure though not in quantity. It is therefore fair to assume that analysis of India's tourism not only can be based on better sources of information but would also provide information suitable for investigating Nepal's situation. Also, the volume of traffic to Nepal is so small that other or direct methods of market observation would have little meaning. Moreover, direct market research in the main contributing countries are not likely to produce useful results because of the size of the errors due to the small quantity and the widely distributed and differentiated market involved.

Nepal has one-fifth of the visitor stream to India and a great qualitative similarity exists. The situation is characterised by the dual effect of both "competition" between the two countries and the fact that Nepal ultimately benefits from tourist flow to India while, on the other hand, India may attract more tourists because of Nepal being an additional attraction. Given the present situation observation of the "competitor" can lead to conclusion on possible developments in Nepal in addition to providing a basis to direct development in a way desirable for Nepal.

The following comparative analysis is based on the results and information contained in "A SURVEY OF EXPENDITURE, COMPOSITION AND REACTION-PATTERN OF FOREIGN TOURISTS TO INDIA" by the Indian Institute of Public Opinion, New Delhi, 1969, as far as the Indian situation is concerned.

Basic to the following comparison is the fact that only 53% of India's tourists are real "holiday" tourists, while in Nepal the proportion is c. 85%; in India business travel and visiting relatives and acquaintances is quite considerable. This basic qualification of comparability must be absolutely taken into account because it explains many deviations. Of those who visit India c. 11% visit



another (neighbouring) country, this proportion corresponds to the order of magnitude of the international stream of visitors from India to Nepal.

#### 2.4.1 STRUCTURE OF DEMAND

The structure of the tourists by country of origin for both India and Nepal is rather similar, as is also the seasonal flow, a comparison of these structures here is of little interest. Of more importance is an enquiry into the qualitative facts about tourists to India to see how relevant they are to the study of the market situation in Nepal.

An important result is that in Indian tourism the share of visitors with upper middle incomes is increasing. Within three years it rose from 13 to 27%, the highest income group reaches 28%. Also of interest in this connection is the fact that the total expenditure per tourist shows only a little increase in higher income groups. This means that India's tourism industry offers a very uniform product. As tourism develops experience in other tourist countries shows that the volume of the demand is in the medium price range. Long distance tourism by the upper class will, in the future, show less growth than that of the middle class. Planning for the tourist industry should run parallel with this development of the market for with a wide dispersal on offer the minimal risk results. The possibility of concentrating wholly on one of the groups by building up either luxury or middle class facilities, like all types of specialization tends to increase inherent risks. In the case of luxury tourism Nepal would enter a very intense competitive world of many countries for a relatively small group of luxury tourists, for whom the pre-conditions of natural attractions are certainly present, but there are considerable disadvantages in competing with countries that are more developed economically and technically as tourist countries. This group, which, certainly, per unit (i.e. night spent in Nepal) can bring in more income, however, requires a highly perfected variety of supply, not now available in Nepal and only to be achieved at high costs to the economy apart from the large-scale resort to imports neither of which to be encouraged under present conditions.

On the other hand such a limitation of quantity in favour

of quality has advantages worth considering: the number to be looked after by the tourist industry is smaller to achieve an equal turnover. Correspondingly smaller are the demands upon an infra-structure dependent on quantity of transport, the education of workers for every type of service and the disturbance arising from the tourists.

A concentration on middle class demand brings with it the advantage of entering a market which is growing quickly and selling to this stratum is better organized as it is provided for by the international wholesalers. But since middle-class tourism depends on greater volumes than luxury tourism certain disturbances are likely as tourists overstep the threshold load of the society and many of the attractions. The competition for this market group not only results from the attractions offered but also, and decisively, from the price. The position of Nepal, at this moment is not very favourable from this point of view. The travel budget of the middle income group is burdened by the high cost of air travel so that the amount available for spending on the holiday is small. While the upper income groups have a greater budget elasticity Nepal competes under a handicap of flight costs for the middle class. As long as Nepal confines itself to receiving long-distance tourists to India this factor plays only a small role. This situation changes immediately if Nepal seeks to gain tourists directly from the country of origin. The present marketing to this class of tourists makes market planning easier through planning with travel agencies, but means the surrender of important factors of independence as tourist policy may more and more be influenced and determined by foreign travel agencies which alone can guarantee the market.

A decision on either pattern of future demand or the discovery of the correct compromise will be determined by the discussion of economic, sociological and political elements involved. If we begin with the present state of affairs then the Indian market basically is the same as the Nepalese and the following qualitative structure of the tourist industry seems correct (taking into consideration a certain exclusive image of the Nepalese market): 6/10 in middle-class, 2/10 in upper-class, 2/10 in lower grade market.

#### 2.4.2 THE STRUCTURE OF EXPENDITURE

One cannot make a direct deduction of actual or accepted expenditure from the income group of the tourist. On the one hand the tolerance threshold for higher prices depends upon the total amount and quality of what is offered by the tourist industry, and on the other, corresponding research in India is not available. The average expenditure of tourists in India cannot be arrived at using available information since no breakdown by length of stay etc is given.

The available figures suggest that tourists from the U.S. spend 40% more than those from other developed countries. The almost exclusive preference of the U.S. tourist for luxury hotels of American standard mainly explains this marked difference. Accommodation facilities for normal U.S. tourists usually lie about 40% above the price level for middle-class hotels as can be read from the average expenditure given by tourists from Europe, Japan and Australia. Notable is the low average expenditure of holiday-tourists from Great Britain that is about 55% below that of the remaining Europeans. This deviation may arise from an incorrect allocation of nationality by countries of origin (residents of India though with British passports). In business travel-tourism the differences in expenditures are not so pronounced. In this respect U.S. tourists are leading spenders: countries from Western Europe and Australia follow closely. Again the low spending of business-tourists from England is marked, though it is definitely greater than that of the Japanese.

The result of this analysis would be a specially high market for business traveller-tourists in so far as they come from other countries than U.S.A. Since the size of business-tourism to Nepal is very small a combined holiday-tourist business tourist 4-star hotel acceptable to both classes of visitors would be the correct solution. Such a hotel would suit the demands of the tourist who after his business-trip seeks relaxation for a short while as a holiday-tourist.

All in all one can say that the tourists have a relatively uniform spending pattern which is markedly higher for United States travellers. The proportion from U.S.A. to Nepal, currently c. 30%, shows a tendency



to decrease. The highly qualified supply available for such tourists is adequate. Also in American tourism the trend is towards the middle-class especially because of the growing intensity of foreign travel among younger age-groups, who seek world wide attractions but without great demands on comfort or large travel budgets.

The spending structure reflects the opportunities available to the tourist industry for looking after the tourists profitably during their stay. The main spending (30%) is on hotels (board and lodging). Including 12% spent on restaurants and food 42% is the share of the tourist expenditure falling to the strict tourist industry. An important amount of spending goes to transport within the country. This amount is very high in India (26%) because of the great distances between the most important tourist attractions. A third of this outlay goes to internal flights. Since tourists are willing to spend considerable sums on transport the outlook for the opening up of remote tourist attractions in Nepal is favourable. Since visitors are used to flying, nothing much stands in the way of a regular air traffic to new tourist areas of Nepal at least from the side of demand.

About 30% of the outlay in the strict tourist industry goes to the heading "restaurant & entertainment". The tourist in Nepal has few opportunities of spending much on these even if he wants to. Market research on the behaviour of tourists at a resort shows that evening amusements are a very important factor. The tourist abroad wants particularly to experience the local atmosphere in his amusements, which like the whole hotel industry are alien to the local way of life. The present opportunities of distractions for tourists, with few exceptions are not suited to dispense atmosphere and attraction. Diversions must doubtless be developed by experienced specialist experts in the field of tourist entertainment. While one may be critical of the possible consequences of night-life on a society that has a quite different idea of values, this aspect is an important facet to the tourism industry. One must not forget that tourists must constantly be offered opportunities of active and passive participation if one does not want to renounce possible income or run the risk of creating an image of boredom for the resort.

To tourists who always undertake distant journeys because of the lure of adventure, this adventure must be offered. Since viewing the cultural and natural attractions of the Kathmandu Valley is not attended by much adventure (and the more perfect the service the less the adventure), since wild life is not plentiful, and Himalayan climbing can be experienced only on a long trekking tour, exotic evening entertainment should be offered, though without Nepal entering into international competition on night-life for this is already catered to in Bangkok. A selection of diverse folk art (music, dance, costume), presented well choreographically by trained groups would represent the specifically Nepalese type of entertainment.

The 28% of expenditure on purchases in the country visited is very important for the tourist industry and its spreading effects. Tourists must be offered opportunities for purchases (attractive shops with indigenous goods). The variety of purchases shows that this is an area where small entrepreneurs and artisans could increase their incomes directly from tourism. About 3/4 of expenditure goes to crafts (weaving and other crafts), 12% to curios, 8% to jewellery. In building up the tourist industry this sector should acquire more importance. Here are possibilities of promoting handicrafts and cottage industries on an export-intensive scale also covering internal requirements and at the same time reduce imports. The manufacture of curios in Nepal (concentrated in Patan) is therefore to be encouraged so that quality products can be made (with the added task of maintaining and restoring artistic products). It is undesirable for tourists to cause a marked drain of cultural goods e.g. the smuggling of antiques. This can be prevented by a better quality of new products and better methods of simulating antiques so that export prohibitions can be maintained, while tourists may obtain good quality pieces that are not really antique and usually beyond their reach.

In connection with the possible increase of foreign currency income as a result of subsidiary tourist activities the black market in currency must be given concern. About 35% of tourists are offered a better rate of exchange in India: the actual proper-

tion may in fact be higher. As noted above a not inconsiderable part of the exchange finds its way into the flourishing "black market". Available evidence suggests that the black market uses the exchange for consumer goods imports of high value as well as for transferring profits and wealth. Much of the black market is directed by the clandestine curio trade and large proportions of the earnings of this branch are hard currency that flow out of Nepal. Experience shows that as long as such a clear discrepancy exists between the official and the tolerated rate of exchange this leak cannot be closed. A large part of this foreign money is sold directly abroad and wholly lost to Nepal. On the other hand it is likely that the opportunity to buy cheap, may encourage tourists to be open-handed so that illegal business increases the total turnover.

In solving this problem excessive bureaucratic control of tourists or prosecutions must in no case be made. Tourism is a very sensitive branch of industry that needs to be treated diplomatically in the direct contact of tourist and host-country. The tourist desires everything to be available to him and for there to be no regulations to frustrate his wishes. This complex of handling and caring for the tourist during his stay - called internal publicity - has a decisive influence upon the structure of the tourist industry.

#### 2.4.3 IMAGE AND PUBLICITY

The guest is the best advertisement for his holiday resort especially if he is satisfied. This experience is true also of India. About a third of the tourists chose India for their holiday on the recommendation of experienced acquaintances or relations. As a contrast other forms of propaganda are much less frequently mentioned (advertisements, articles in journals and newspapers (19%), and travel agencies (5%).

If we may deduce from this that, on the one hand, the internal publicity on tourism must be given more intensive attention, the actual significance of publicity abroad should not be overlooked. It can, as in the case of Nepal, function only as a way of providing information. In view of the size of the demand and the in Nepal, the world-wide scale of the market and the actual bottle necks of capacity in the supply, inten-

sive individual publicity is not feasible economically. Nepal should, rather, leave international publicity to India for this automatically takes care of Nepal tourists. To improve Nepal's position in the regional tourist market, travel agencies and travel journalists must be provided with up-to-date information about what the tourist industry of Nepal has to offer. Instead of expensive advertisements a more direct flow of information between seller and agent should be built up. These sober facts should be supported by first rate pictures and booklets describing all the attractions that the tourist qua tourist can in fact enjoy.

A concept of internal publicity together with the external publicity provided for by India about the supply (capacity, quality, prices) and the country itself (the attractions open to tourists) and complemented by adroit public relations work in the main areas of demand, should form the basis of future activities in this field.

The complex of internal publicity as far as administrative and organizational action are concerned is not too difficult to accomplish. The situation in Nepal and the attitude of most of its tourists is that direct comparisons with India are often made. From this it follows that internal publicity should directly compete with that of India. In what areas this competition should take place, will be discussed in the following evaluation of Indian tourist questionnaires about "favourable and unfavourable factors".

Two-thirds of the tourists mentioned as particularly advantageous the general friendliness of the people ("warm, friendly people"). The significance of the quality of human contact between tourist and people can be recognized, as tourists from every country mention this point - which is an important one for Nepal - more than any other. Since the tourist as a rule only comes into immediate contact with the personnel of the tourist industry the greatest emphasis must be laid on knowledge of languages and personal manners. Informing the people would be done through the communication media (newspaper, radio) and at school so that the very pleasant friendly neutral interest towards tourists in Nepal can be built upon. The intact naturalness of the Nepalese people



founded upon the almost undisturbed religious tradition, certainly forms an important element of internal publicity that can be characterized as "way of life".

#### 2.4.4 FAVOURABLE FACTORS

The Nepalese are not so much attracted by the tourist as by the articles he brings with him, the display of wealth. A desire for such goods is a danger coming from tourism to this way of life but today this is within bounds and has not led to a loosening of the forces that form and bind society. The beginnings of this must be guarded against and therefore the people must be made aware of tourism's true value in order to combat its tendency to override the cultural scene. Tourists want "friendly warm people" with their own way of life, not naked business ability and imitation. There is better business with the people than with commerce and profanation. Proceeding from this basic idea the second most important favourable factor are the cultural monuments whose careful opening up to tourism must be planned since these, besides the Himalayas, are the most important attraction of Nepal. The unparalleled concentration of religio-cultural memorials and monuments in the Kathmandu Valley should be opened up for tourism without debasing them. The faithful are hardly disturbed by sight-seeing tourist, more likely is it that these (from the point of view of tourists) living museums may lose value by the presence of other tourists and technical paraphernalia of tourism. Bus and taxi traffic, parking places, the bustling curio trade, beggars, money-changers, in and around the temples are as defying for internal publicity as the absence of other facilities that do not disturb like resting places, information boards, sign posts, refreshment places, proper lighting, *son et lumière*. The aim of opening up the attractions is thus not only the preservation of the material substance but also the immaterial values. The tourist should not be deprived of the convenience that only a developed tourist industry can offer, of which a certain minimum quantity is taken for granted by tourists.

Nepal's own unparalleled tolerance makes any discussion superfluous for, if one wishes to develop tou-

ism, one must make compromises since, just because of tourism, many things are preserved which otherwise would disappear if profanation was let loose and values shift. That a few places and ceremonies are closed to non-believers is not disturbing as the amount and quality of what is accessible already exceeds the demand by far. These few mysterious and forbidden areas must remain closed to tourists, not only to ward off further profaning but also to increase the charm of the whole.

The tourist should enjoy real hospitality such as he expects. This means that all efforts should go to fulfilling his wishes so far as they are necessities, and to satisfy his interests as far as they can be seen to be justified, without yielding real individuality as shown here outwardly and visibly by things that are forbidden.

The same applies in the sphere of natural things, third in the list of favourable factors, i.e. opening up nature with provision of necessary accommodation for the stranger. This development accompanied by necessary comfort, again must be suited to the landscape. Their opening to the tourist from the great city is necessary, since the landscape and the wild life are a proof that adventure is near, though it does not include adventure itself. Observation of wild life from a safe tree-hotel, roaming amidst the highest ice-covered mountains of the world, but on safe paths, attended by Sherpas, walks on rice-terraces without having to work in them, the contemplation of peaceful, unspoiled nature, without being left alone in it, comfort in the midst of romantic poverty, these are the favoured natural background features of tourism.

The tourist industry has to tame the landscape for tourists e.g. to provide short easy paths to picnic sites, a camping site on trekking routes, mountain lodges with minimal comforts in Himalayan valleys at terminal or turning points, supply points, radio links, emergency landing sites, where nature lovers congregate. This opening up of the landscape again must obey the basic rule that it does not destroy the value of what is being opened up. Up to now there are no quantifiable and agreed criteria against which over-use of certain touristic areas can be measured

without taking away from their marginal value.

The load each landscape can bear is doubtless different for each one. For instance the load capacity of a trekking route should not be exaggerated since very quickly its most important advantage vanishes if the attraction of the primitiveness is destroyed by the great number of trekking parties.

One must also not forget that, especially in less developed regions, natural scenery and "warm, friendly people" form a unit, much more an attraction when they go together. Thus the improvement for tourists of both these attractions is of almost equal importance, and this is very difficult when one considers the possible disturbances that can be initiated by tourism within the socio-economic situation in remote areas with attractive landscapes. It is necessary to prepare the local population for tourism as the roads and hostels. This is not a particularly difficult problem in Nepal, apart from bringing in the necessary change to profitable production and the extension of the hotel industry, since the Nepalese are a people given to travel and numerous trade routes have for long made people used to strangers. However, this optimistic view could be corrected if the effects of economic changes on society exceeded its capacity to absorb it. Thus for the attraction-unit of man and nature there are certain load-thresholds which for the early stages of tourism should not be very high.

Almost equal to natural scenery as a favourable factor are accommodation and climate. These are two factors in which Nepal can compete with India, and as far as climate is concerned can favourably compete. The competition in the hotel sector in connection with the climate is seen as an obvious idea, often adopted untested, that hotels for the upper classes need to be air-conditioned. With reference to the climatic conditions in Nepal (apart from the Terai) this requirement cannot be founded upon objective needs.

Electric air heaters are quite sufficient during the winter months and their purchase, installation and maintenance are within the competence of Nepal. Instead of import of superfluous western technology absorbing so much foreign currency more effort should be devoted to the design of hotels.

The tourist prospects of Nepal are not a result of competition with the luxury tourist centres of the world but of the subsequent building up of a unmistakeable individual supply. In competing with the great tourist centres with interchangeable offerings of stereotyped unit accommodation there is an opportunity in Nepal as individual seller who can stand up for himself and who is not subsumed by the dictatorship of a general touristic ideology of what can be marketed, the supposed correctness of which is derived from turnover figures. The favourable factor for tourists of hospitality, of the unique tradition of art and of local landscape should be taken to heart by the hotel industry so that it has something original and typical of the country to offer. It is however necessary to employ the managerial skills of the international hotel business within the hotel, but it is quite simply false to adopt its architecture or to clothe it with showy trash derived from elements of Nepalese architecture and then think the problem is solved. Originality must be linked with suitability.

Cleanliness, hygiene, friendly and correct service and comfort are absolutely basic in hotel keeping. The right atmosphere is a pre-condition for success. The tourist will not so much register these basic conditions as a favourable factor, for he is used to them, but he will remember those features which positively raise the hotels and accommodation in Nepal above what is normal in the tourist industry. It will be difficult for the Nepalese however to realize this demand since they are so undemanding and in their unfortunate attempts to copy western life and building styles have clearly developed very little feeling for the touristic atmosphere.

In general they have given little thought to this important complex of internal publicity by increasing the attraction of their land. Since in this matter personal preferences are decisive one awaits an advance in individual attention to the guest and, hopefully, its reflection in architectural design.

The price to be paid for the whole package is a leading factor in determining the tourist's opinion during his stay and surely plays an important role in decid-



ing whether Nepal is visited and later is recommended to others: it is accordingly quite decisive for the success of internal publicity.

If the tourist is offered somewhat more than what is absolutely necessary, then his tolerance threshold of what are reasonable prices is raised, for this is formed not only by his personal budget and a concept of normal prices imprinted by experience, or by comparing prices with those of Indian competition and the value of attractions, but also by such intangibles as atmosphere and a feeling of security.

Determining prices is a problem of entrepreneurs. These have to lie between the lower limit necessary for the enterprise and the upper limit the tourist demand will tolerate. Since the latter can partly be raised by individual effort (atmosphere) above the competitive price and the value of attraction, the significance of efforts at internal publicity cannot be valued too highly, particularly as they cannot be directly correlated with investment costs. The price must be above the lower limit to run the hotel (covering costs and profit) since the social costs of the tourist industry are higher than the costs of the tourist plant. The necessary investment in infrastructure to build up the industry are borne on the cost side by the whole economy and in the individual plant they may result in a drop in costs.

According to the criteria adopted for investment, ways and means must be sought of directing the advantages gained by the private economy into the whole economy. The often-cited multiplier-effect of tourist income may be low for Nepal because of high import leakages. It is therefore especially important to foster independence of imports in the tourist industry to increase the multiplier effect tendentially. In the long run this might result in a long-term chance of reducing prices. One assumes that at least part of such a saving of outgoings through the increase of income will remain in the country. But correspondingly there must be attractive things on offer which are also produced in Nepal so that this does not result again in a great leakage of imports. As we have already stated a considerable part of the expenditure is on curios and handicraft products whose magnitude has been directly correlated with the quantity and especially with the quality of the supply.

In this area opportunities are open for small entrepreneurs

to employ their capital and their entrepreneurial abilities in the tourist industry. In this way the policy of "development strategy" is realized upon the lower plane (A.O. Hirschmann). The significance of shopping can be observed not only in this respect, but also by the degree that internal publicity is carried abroad, or can be so carried. The tourist provided palpable evidence of his journey and his expenditure of money and time in the tales he tells supplemented by his souvenirs. These function additionally as publicity for Nepal. They give a proof of the culture and the artistic capability of Nepal and are so to speak, a witness to that group of potential tourists who do not seek the usual recreational tourism, but are included in the category of educational and study travellers, who want to know the land and its people.

This important group as far as Nepal is concerned, may be about one-fifth or a quarter of those visiting India, for 24% of tourists give "attractive customs and ways of life" as a factor in favour of tourism. In this respect Nepal is surely not behind India. Therefore what we call folklore is to be ranked almost equal to temples and landscape. The cost of developing them touristically would be almost nil. Since basically organizational measures only need be taken the value of this attraction can be ranked high in encouraging the tourist industry. As already mentioned, the tourist is accepted by society without special formalities: he is included in the spectators of feasts, processions and festivities so that the disturbance resulting from the strangers is practically unnoticed, nor is it noticed by the tourists.

The traditional pleasure of the Nepalese in gorgeous usually religious feasts, and a great number of festivals form an exceptional basis for a programme of tourist attractions, doubtless without rival. One must still consider how these customs can be made accessible and understood by tourists. An indispensable precondition is the orderly collection and description of these events. Since the dates are not fixed it is important to announce the time, length and place of the event. A short account of the historical, cultural and religious background should be written so that the tourist, from a different cultural area, can understand. Buddhism-Hinduism with its many gods, requires explanation, for a mere naming of names is not of any

value to a foreigner. The proposed guide to customs for the tourist should also provide information about places where there is a good view and a field for photography. This measure of internal publicity, taking into consideration the curiosity of the tourist, even in quite private festivals does not seem unimportant. It is not everybody's pleasure to participate in what is often a tightly packed mass of spectators, consequently the building of simple grandstands at big events reserved for tourists and at central points is worth consideration.

The exotic experience of traditional customs by the tourists should however not be confined to the general festivals that occur at definite times. From this store of customs a permanent attraction for tourists must be made accessible to every tourist. The beginnings of permanent dancing and music performances made with much goodwill in the middle of 1971 were extremely naive. A permanent, well-organized "show" in the best sense of the word seems to be essential. This could be built into the yet to be created evening entertainment. In any case a suitable setting must be found for such performances.

#### 2.4.5 UNFAVOURABLE FACTORS

The favourable factors described above to which special attention must be given for the internal publicity of Nepal follow the order of preference of all tourists. If we consider the four main countries of origin quite small differences from the average picture emerge. Tourists from U.S.A., U.K., Western Europe and Japan uniformly put "warm, friendly people", first, but the second and third discriminant differs from country to country. Climatic conditions are placed higher by tourists from the United Kingdom, while the tourists from U.S.A. and Western Europe put the cultural and historical monuments in this place and they link them with the landscape attractions; the Japanese tourists give equal value to climate, monuments and landscape. There are definite differences in the third preference. This is accommodation for U.S.A. and Japan, monuments for the United Kingdom and price for Western Europe.

It should be safe to deduce from this that these four areas of origin have an order of preference for what is offered and sold. The comparative ranking of accom-

modation by U.S.A. and Japan corresponds to what these tourists require of a hotel. The very high ranking of reasonable prices by tourists from Western Europe (apart from the United Kingdom) corresponds to their requirements which are more those of the middle class. The difference of opinion about the second place between marketable attractions (climate, landscape and monuments) may have no significance for planners and could be in danger of over-interpretation.

The main aim of tourist policy is therefore to develop as far as possible factors favourable to tourism, to back them and build them up, and thereby fully implement this very important internal publicity as an instrument of marketing. It is not sufficient to employ neutrally the opportunities offered by Nepal but a direct active aim is to force competition with India in this area. Since Nepal today may now be considered more and more as a possible destination of tourists to India or Asia, such efforts improve the touristic competitiveness of the whole area, which is in international competition with other touristic regions of distant tourism. "Competition invigorates business", is a slogan of complete validity here.

Positive action must extend not only to strengthening favourable factors but must reduce unfavourable factors. This task is much more difficult since it is outside the area of action of tourist policy and is concerned mainly with the total economy. Half of the negative experiences and impressions of the tourists are related to the field of "dirt and poverty" and a further third to inadequate sanitary arrangements. Such experience will reduce the favourable impressions quite a deal, so that every effort beyond those already in motion are necessary to improve hygienic conditions in areas where many tourists go.

Hygienic conditions in the higher class restaurants and hotels in Nepal are quite up to requirements, but there can never be too much of a good thing. Strict controls everywhere must take care of the maintenance and improvement of requirements in this area. Special emphasis must be laid on the education of personnel who look after persons and places and come into close contact with tourists. Unexceptionable hygiene in the kit-



chen must be constantly supervised; this is a task for which management alone is responsible, but should be inspected by a supervisory department of state. We must emphasize in connection with this an important side of the tourist infrastructure. The provision of a perfect water supply must be assured even during the monsoon. Since, in the foreseeable future, the supply system of the Kathmandy Valley will not suffice for every demand, hotel and restaurant filter plants must be built. We recommend also that tourists should be informed of what they should do to avoid the likely diseases and health hazards. The Nepalese in this respect are as negligent as the tourists are susceptible.

A very important point is the regular, frequent and thorough cleansing of the streets, squares and temple areas visited by tourists. In this respect recent improvements have been initiated to improve amenities by the Department for Tourism. But this improvement must be permanent. If the responsible authorities are not convinced no permanent improvement will result. To preserve these places in perfect condition a basic need is a sewage disposal system, since purely prohibitive measures will not change the negligent habits of the people. Therefore the general plans for the infrastructure should be examined as far as possible and tourist areas should have a priority in sewage disposal, the provision of water and energy and street improvements.

Cleanliness of, and ease of access to, the main places of resort should also be encouraged by paving the main roads and squares. Upon both optical and practical grounds the traditional material is better than asphalt.

The undoubted long process of educating the population in hygiene can be linked to the proposed touristic awakening, although little prospect of quick success exists. Temple courts, as a rule, fulfill a central function in the community and are therefore places of assembly, trade and contact and thus necessarily exposed to pollution as long as such remedies as toilets, litter boxes and constant cleansing are not provided.

In this connection consideration must be given to the

needs of tourists for whom still no toilet provision is available outside hotels and restaurants. Since in the main attractions refreshments are to be available, toilets could be built and maintained in connection with cafes and restaurants so that the investment can form new sources of income.

Tourists meet with less inexplicable difficulties in obtaining a visa or extending it and less general administrative bureaucracy in Nepal than in India where one in five complains about it. We consider that the validity of a visa should be extended and trekking permits should also be available at Pokhara. Very few tourists experience the very circumstantial process of issuing permits for the exportation of curio items that do not fall under export prohibition. The liberal operation of the present customs officers makes this extreme instance of bureaucracy superfluous.

The existing liberal treatment of tourists by officials should definitely be preserved in any future development. The improvement of the collection of statistical information does not prevent this.

Ten per cent of the tourists complain in various degrees of the language problem and the quality of food. More will definitely complain about bad food than in India. There are in fact clear improvements in this area, but a central advice office should definitely be created. While the problem of good cooking can be solved by the internationalization of the menu this means that the major economic problem of dependence on imports will continue. With a little skill the local markets could be employed more extensively than is the case today. Doubtless those who furnish the hotel and restaurant trade must deliver better quality products. This goal is a priority and can be solved by education, information, the improvement of seed and cattle stock and fixed contracts of sale. The advice centre proposed has not only to look after the production side but should encourage the use of local products by developing recipes. The Nepalese cuisine is not without its charms but there are few possible variations. In order to encourage a self-reliant supply a new, internationally acceptable, cuisine with a number of good dishes should be developed. Borrowings could be made from the Indian, Chinese and Indonesian cuisine but one should not

abandon the field to this cuisine nor should one retreat upon the insipid international menu, which is necessary but must be supplemented by characteristic local dishes.

The preceding discussion outlines the action which is to be pursued to maintain the present supply potential and to help improving the supply in future. If the proposed measures in the selected areas are valid in general for the development of tourism in the future, one should not forget what initiated the dis-

cussion, namely the well-justified assumption, that the flow of tourists to India and Nepal are similar if not in quantity then in quality.

The aim of improving the factors that contribute to its image as far as possible in rivalry with India and to enhance future prospects by internal publicity is certainly a long term task, that must receive a high priority in every phase of building up tourism, since Nepal must always regard India as a direct and powerful competitor.



## 2.5 TOURISM ADMINISTRATION AND ORGANIZATIONS

It appears to be both important and appropriate to take a brief look at the main features of the Nepalese system of government and administration in order to outline the framework within which that part of the administration dealing with tourism is to be seen.

The Kingdom of Nepal began only two decades ago to abandon its self chosen almost total isolation from the rest of the world. In the course of the interval of time which has since elapsed both state and society saw themselves abruptly and ever increasingly out of necessity forced to adopt innovations and restructurings for which they were not prepared.

Characteristic for the system of government in Nepal is the constitutional principle that all power legislative, executive and judicial emanates from His Majesty and is exercised by H. M. through the appropriate channels of the constitution.

These are the Executive (the Council of Ministers), the Legislature (the National or Rastriya Panchayat) and the Judiciary (the Supreme Court). The assumption of office in these institutions is dependent either directly or indirectly upon the approval of the King.

The institution of legislation rests in the hands of members of the Council of Ministers as also in those of the deputies of the National Panchayat. All laws require the approval of the King who above and beyond that can issue decrees with the force of law when the National Panchayat is not in session.

In order for the organisational structure of government and administration to meet the increasing development tasks the structure of administration was altered several times in the recent past. Since early in 1971 the country has been divided into 14 zones which comprise on a regional basis 75 administrative districts. Below the districts at municipal level there are altogether 11 towns and about 3 000 villages.

So far direct representation in Nepal exists only in



these towns and villages in which the members of the town and village councils (Nagar and Gaun-Panchayats) are determined by direct vote. At the same time only those belonging to the class and professional organizations institutionalized by law can stand as candidates.

The municipal councils elect from among themselves a legally determined number of representatives for their district assembly (Zilla Sabha) which in its turn sets up a district council (Zilla Panchayat)

The members of the district council are at the same time members of their zonal assembly (Anchal Sabha) from which finally deputies, whose number is fixed by the constitution for each zone, are sent to the National Council (Rastriya Panchayat).

Only at the lowest level, therefore, does this system of "Partyless Panchayat Democracy" as it is called officially, provide the people with a chance of having a direct bearing on the practical shaping of public affairs.

Since the villages, towns and districts are provided with only extremely limited financial independence by the central administration the extent of autonomy for the decentralized areas within the administrative hierarchy of Nepal is severely curtailed.

The central government is represented in the districts by the appointed Chief District Officer and in the zones by the Chief Zonal Officer appointed by H.M. These officers are in their respective administrative capacities the highest officials of the executive arm and are responsible above all for the coordination and cooperation of the administration on a regional and local basis.

All fundamental questions of political, economic and social significance are dealt with and decided upon on central government level.

In this organization of the state administration which externally appears to be decentralized but which internally is characterized by a powerful central administration the historical development of Nepal is reflected.

Particular weaknesses which adversely affect the functional ability and efficiency of the Nepalese

administration are the great lack of experts at the intermediate and lower levels, the over-staffing of the state service, the lack of flexibility in the career structure, the relatively frequent rotation, the unwillingness to delegate and to move in the Civil Service.

In future, constant administrative reforms will be necessary for lasting improvements of the efficiency and flexibility of the administration and its individual departments with regard to all those resources in Nepal which can be utilized for development purposes.

The importance tourism sector has been given early consideration in Nepal and administrative machinery was set up as early as 1956. At that time tourism to Nepal was virtually non-existent and administrative activities limited to certain control and supervision measures.

Co-ordination was established between the public and private sector activities in tourism through the introductions of standing committees. Most of the tourism activities in the past were operated by the private sector in the developing, servicing and promotion of travel. It was only relatively recently that Government thought it desirable to assume a more active role both in development and promotion since with the rise in tourism the need for more and better co-ordination in the field of transportation and infrastructure became acute in order to safeguard the social and economic soundness of such development.

Today, Government participates directly in tourism activities mainly at two levels

- in the formulation of policies for tourism development through an advisory committee to H.M. the King
- at department level as co-ordinative, promotional and controlling agency

while the responsibility for execution and implementation lies with all operating departments; co-ordination between those and the tourist industry is institutionalized through the NEPAL TOURISM DEVELOPMENT COMMITTEE as policy-formulating body and the DEPARTMENT OF TOURISM as operating agency.



## 2.5.1 THE PRESENT ADMINISTRATION FOR TOURISM

Tourism administration was formed in 1957 when a Tourist Office was set up in the Department of Industry following the establishment of a Tourist Development Board under the same Department in 1956. In 1959 the office was upgraded to department level, the then formed Department of Tourism moved through a number of ministries until it was accommodated in the Ministry of Industry of Commerce in 1966.

Under the Act to provide for Regulations and Development of Tourism of 1964, an advisory committee for tourism was set up in 1968. Only a year later the committee was replaced by the present Nepal Tourism Development Committee.

With these two institutions the nucleus of the administration of tourism activities has been created with the Committee functioning as policy-making and the Department as operating agency. The execution of plans and projects in tourism involve almost all levels of Government, and is the joint task of the administration and the private sector. The latter is organized in the Nepal Hotel Association representing the hotel industry and the Nepal Association of Travel Agencies representing the travel industry.

Following is a description of the agencies and organizations involved in tourism, showing their functions, powers and dependencies.

### a) NEPAL TOURISM DEVELOPMENT COMMITTEE

Established in 1969, the Committee is responsible for formulating the tourist policy of HMG and to draw up a long-term development plan for this sector. According to the Nepal Gazette the broad objective of the Committee is to "make possible an expedient and appropriate development of the tourism sector". The Committee is composed of a member of the Royal Family, representatives of the important executing ministries, representatives of the hotel and travel industries. In mid 1971 the Committee was composed of ten members under the Chairmanship of HRH, Prince Himalaya:

- The Minister of Industry and Commerce, vice-chairman
- The Secretary, Ministry of Finance



- The Secretary, Ministry of Commerce and Industry.
- The Secretary, Ministry of Transport and Communication (chairman of the Royal Nepal Airlines Corporation)
- The Secretary, National Planning Commission
- The Director, Department of Tourism, member secretary
- The Chief Zonal Commissioner, Bagmati Zone
- The President, Nepal Hotel Association
- A Member, Nepal Hotel Association

In addition a foreign advisor on tourism would be seated in the Committee. The vice-chairman will act as a liaison between the Committee and the Council of Ministers. If matters relating to tourism are being deliberated by the Council, the chairman of the Committee would be allowed to participate in the Council's proceedings.

Basically the Committee functions as an advisory body on matters relating to tourism, including the

- Formulation of principle policies for tourism development in Nepal
- Co-ordination of sectoral policies within the set of National development policies
- Integration of tourism into the development plans in the industrial, social and infrastructural sectors
- Establishment of a "master plan" for tourism and elaboration of detailed project proposals
- Implementation of plans and programmes in tourism

The Committee has no direct executive powers. The responsibility of implementation of its decisions lies with the State organs at national and regional level, the most important representatives of which are committed to the Committee's decisions by their actual membership e.g., the National Planning Commission, the Ministry of Finance, the Ministry of Transport and Communication, the Ministry of Industry and Commerce. Through the chairmanship of a member of the Royal Family, tourism policies may be very effectively co-ordinated at the highest level of Government while the membership of representatives of the hotel industry provides for the co-ordination of Government and private activities in tourism.

#### b) DEPARTMENT OF TOURISM

As noted above the Department was established in 1966 under the Ministry of Industry and Commerce after a long period of institutional and functional changes and subsequent transference to various other Government agencies. The Department acts under the Tourism

Development Act of 1964 which determines its functions.

#### ● Functions

Generally, the Department functions as the executing and co-ordinating arm of the Nepal Tourism Development Committee and is responsible for the carrying out of projects and plans approved by the Committee.

The Department of Tourism performs mainly the following functions:

- (a) publicity for increasing tourist traffic through posters, booklets, advertisements and films
- (b) provision of information both in and outside of Nepal aiming at encouraging tourism.
- (c) advising different ministries, departments and local Panchayats (representative bodies) on tourism
- (d) survey of places having tourist potentials
- (e) co-ordination and co-operation between public and private sectors in the field of tourism
- (f) arrangement of sightseeing for tourists
- (g) control and supervision of the different activities: hotels, travel agencies, tour operators, guides, airlines, souvenirs (tourist handicraft) and folkloric attractions
- (h) inviting foreign travel writers
- (i) provision of suggestions for the protection of historical and archeological sites.

Its more important functions lie in the preparation of short and middle term action programmes aimed at improving tourism through the development of attractions, sightseeing spots as well as the co-ordination of public and private activities (hotels, travel agencies).

The Department represents Nepal in various international tourist organizations such as the International Union of Official Travel Organizations - World Tourism Organization, the South Asian Travel Commission and the Pacific Area Travel Association.

In accordance with the mixed economy system in Nepal, the Department also engages directly in the tourist industry as it operates with Rhino Tours a travel agency and lodging facilities in the surroundings of Kathmandu Valley. In general, present Government



policies in the tourism sector follow a division of responsibilities between the state and the private sector. e.g., Government providing for infrastructural development (Transportation and Communication); only in the event of the private sector being unable to engage in the development of the tourist facilities and services (hotels, travel agencies) would Government participate directly in these traditionally private activities at least in the initial period until the process is set in motion and to withdraw once private initiative is stimulated.

To date, the possibility of inducing development through Government action in these areas has been made little use of apart from the above mentioned services.

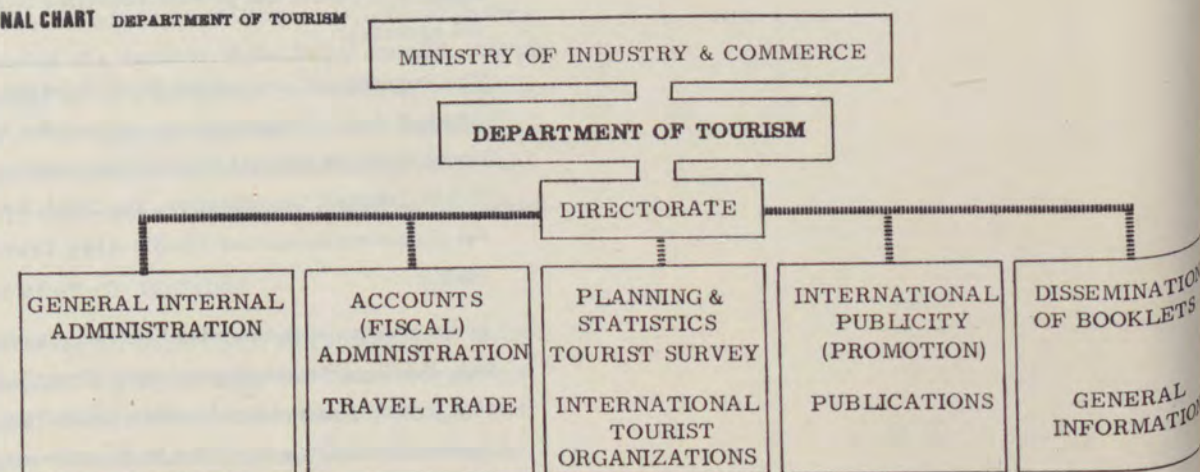
First steps in this direction have been taken recently when the Department started surveying activities in the country to identify potential tourist areas.

#### ● Organization

The accompanying chart shows the organizational structure of the Department which consists of five sections under the Directorate responsible to the Ministry of Industry and Commerce.

The Department presently has a staff of about 30 members including the section officers and assistants. Each section is clearly defined and the lines of demarcation of work are as a rule observed. Most section officers already have a long record in the Department and had several opportunities to gain practical experience abroad. Also, correspondence courses held by IUOTO and frequent contacts with international tourism organizations have helped the staff to acquire a high level of performance and knowledge.

#### ORGANIZATIONAL CHART DEPARTMENT OF TOURISM



Still much is to be done to improve the internal administrative performance particularly with regard to technical equipment (typewriters, spare parts) and to organizational procedures (filing system, rationalizing, documentary, correspondence etc.)

The organization has found it however difficult in recent years to convert its knowledge into practical action and to co-ordinate measures effectively. This may be due to the fact that the pace of development in the tourism sector has relatively abruptly accelerated in recent years while, on the other hand, the Department executive powers are rather restricted and hinge on the performance of a number of other agencies.

The priority placed on tourism has so far not led to a corresponding expansion of the available administrative capacity and this has made itself felt during the recent increase of the budget allocated to the Department. Since most of the funds flew to other executing agencies, the Department merely functions as a bookkeeping office and the danger exists that a mere budget spending policy is followed unless the Department is both from its administrative capacity and institutional setting put into a position from where it can directly and immediately engage in areas which are basically indispensable to the development of tourism.

#### ● Budget

The budget of the Department has since 1964/65 been subdivided into a regular and a development budget, the former includes recurring expenditures such as salaries and equipment, while the development budget

provides for the promotional activities of the Department. The total budget accounted for less than 0.1% of the national budget. This is explained by the present function of the Department which is limited to administrative and co-ordinative activities.

During the past decade the budget developed as follows, so recorded by the Department of Tourism:

BUDGET D.O.T. 1961 to 1971/72

Fiscal Year	Regular Budget	%	Development Budget	Total Budget
1961/62	98,285	100		98,285
1962/63	130,746	100		130,746
1963/64	191,740	100		191,740
1964/65	129,565	72	50,107	179,672
1965/66	104,097	21	454,280	508,387
1966/67	121,509	44	155,155	276,664
1967/68	117,212	29	322,322	403,434
1968/69	119,271	25	369,584	480,852
1969/70	183,460	27	499,940	682,460
1970/71	200,466	25	493,382	793,758
1971/72	276,692	5	118,008	5395,692

While the budget has increased in the past ten years between 15 and 200% a tremendous increase of 600 % occurred in the current fiscal year 1971/72. This rise is mainly to give effect to the priority ranking of this sector as formulated in the Fourth Plan as well as the fact that the present Development Plan was to show first results.

The current Development Budget of the Department of Tourism includes the following sectors:

#### DEVELOPMENT BUDGET ALLOCATIONS 1971/72

Sector	Allocation	%
1. Tourism Promotion Special Programme	2,000,000	39
2. Preservation and Restoration Programme	2,000,000	39
3. International Publicity	1,073,000	21
4. Information Offices at Kathmandu + Birganj	46,000	1
Total	5,119,000	100

The 1971/72 Development Budget is to accommodate a Calendar of Operation in which all projects would be detailed for implementation. The Calendar was however not yet prepared in autumn 1971 although the availability of this action-orientated instrument is particularly important to those executing agencies which are primarily involved in the operation of the Calendar.

The Special Programme includes a beautification campaign mainly in the historic core areas of Kathmandu, Patan and Bhadgaon and much of the work would be carried out by the local Panchayat. The Preservation Programme, the details of which are also not yet available, would be operated chiefly by the Department of Archaeology, promotional activities in cultural entertainment would mainly involve the Department of Culture and private organizations which would be provided with proportions of the funds.

Apparently, the Department found it difficult to convert the budget into an operational plan to be readily executed by the competent administrative agencies. Similar difficulties arose in determining the concrete action to be taken by the Department in the field of publicity and information.

It is felt that the Department is not yet prepared to operate effectively the vast increase in public funds suddenly available. Administrative obstacles clearly lie in the lack of organizational "know how" and co-ordination between the planning and executing agencies chiefly because of the absence of a long-term plan into which annual budgets and plans could be more effectively integrated. A crucial point is the dependence of the Department on a number of executing agencies for projects and programmes in tourism (cultural entertainment, preservation of historic structures and natural resources) while, on the other hand, these agencies find it difficult to accommodate short-term plans in their work schedule.

In result, the priority placed on the development of the tourism sector has thus far not been followed by appropriate measures at the executing and co-ordinating levels of the administrative apparatus. Present limitations in administrative capacity and performance, in the co-ordination and implementation of projects and programmes must be overcome if Government is to embark in earnest in taking an active part in tourism development.



velopment and in order for the administration to cope with the speed and dynamic scale development would bring. This may necessitate the creation of a strong central agency for tourism build around the present nucleus of the Department of Tourism which would be fully provided with those functions and powers necessary to carry out projects of vital importance to the tourism sector (e.g., preservation of natural and cultural resources for tourism, provision of a tourist infrastructure) and to promote and co-ordinate projects in other areas of the administration with the requirements of tourism e.g., infrastructure, transportation, and regional development planning.

### ● International Assistance

Ever since the onset of tourism development in 1957 Nepal has received assistance in the field of tourism from international organizations, e.g., the U.N. and its operating agencies such as UNDP, UNESCO and ILO, as well as from bilateral aid programmes of France and West Germany. Until recently such assistance was mainly in the form of expert advice concerned with investigation, survey and study, and the production of reports on tourism, the present Plan being the latest in this series. Unfortunately, the wealth of information compiled so far and the availability of expert advice, plans and programmes for the tourism sector have thus far failed to bring about tangible practical results in tourism development.

Co-operation between France and Nepal in the field of tourism began early in 1958 in the form of expert services provided for by France which produced among other results a first complete survey of Nepal's tourism potentials and subsequent planning recommendations were submitted to the Department between 1958 and 1966. These reports provided a basis for development planning and included though not always based on comprehensive analysis and reasoning, a set of project proposals which is as sound now as in 1966. France continued her advisory services until 1969 and provided tourist experts to the Department on an annual term.

UNESCO assistance to Nepal started in 1968 with expert services in the field of cultural tourism, preservation activities, and museums. Of particular importance are recent plans by UNESCO to engage in a lar-

ge-scale preservation and restoration programme which would include measures of practical preservation work, chemical analysis and technical training. Much of the preparatory work on the project has already been done by several expert missions in the past three years.

UNDP assistance included most of the preparatory planning for Lumbini which will also receive financial assistance from Buddhist countries. ILO provided expert services in the preparation of a vocational training centre for tourism industry personnel and the project will be implemented early this year. It includes financial and technical contributions from UNDP involving a total of 830,000 U.S. dollars.

Other plans with a bearing on tourism include project proposals by FAO for the development of National Parks and Preserve Areas, ecological surveys, wildlife conservation and management. These plans are especially valuable in attracting international contributions for the preservation of Nepal's natural resources.

Since 1971 the Federal Republic of Germany provided help in her technical assistance programme to Nepal which made possible the preparation of the present Development Plan for Tourism. Technical and financial assistance was provided for the restoration of a monastery in Bhadgaon which is with the help of German architects now nearing completion and presents the only visible result of international aid so far.

Reviewing the international and bilateral assistance practiced in the past one may conclude that the most important issue today is implementation and execution rather than analysis. Aid is needed more urgently than ever to help implement the planning programmes and project proposals at hand now. Aid is needed in the dissemination of knowhow in the execution of plans and programmes and in training Nepalese specialists. And financial commitment is required to make plans reality.

With regard to the tourist administration the need is for better co-ordination of international aid projects the selection of priority projects and integrated execution of these. More emphasis should in future be placed on the aspects of execution of aided plans & projects

### e) OTHER GOVERNMENT AGENCIES RELEVANT TO TOURISM

#### General

Tourism in Nepal is as in most other countries the joint responsibility of HMG and the private sector with Government being primarily responsible for the development of the general infrastructure, such as transportation and communication, the basic tourist infrastructure, the provision of educational, training and health facilities, the protection and opening up of natural, cultural and recreational resources, in addition to the general administration, control, supervision, regulation and promotion of the tourist sector. Private business participation is in the provision of catering facilities and services for tourists.

Most development activities relating to tourism have or should have an impact on the overall economic and social sector and are thus accommodated in the traditional branches of the administration and these are in practice divided among a considerable number of ministries and departments, state-controlled corpora-

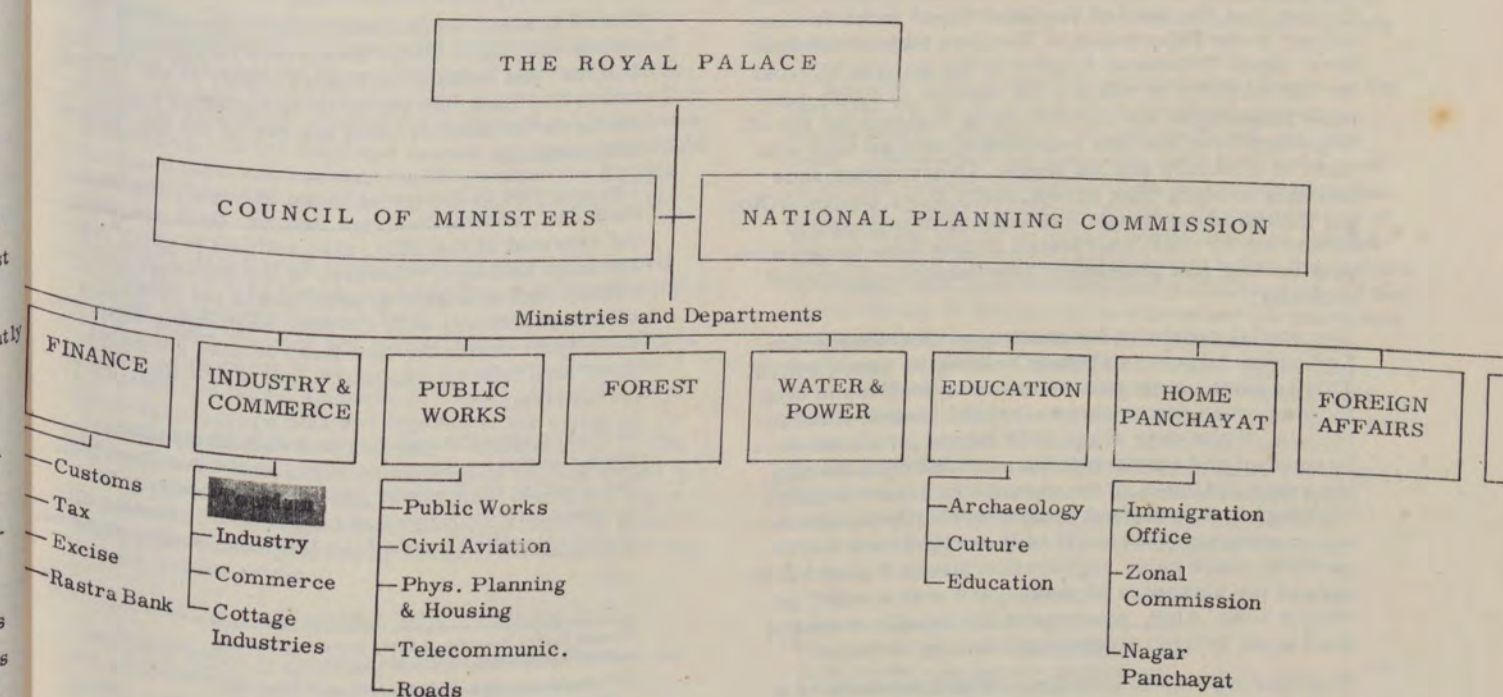
tions and institutions. These are shown in the organization chart below which also indicates the lines of dependence.

The fragmentation of functions involving many areas of responsibility makes it difficult to plan and carry out projects effectively. Previous analysis suggests that the present performance of tourist administration leaves considerable room for improvements. The most important single obstacle at work is that of poor co-ordination at middle levels of the administration and in the implementation and execution of projects, whereas co-ordination is well established at upper levels of Government where decisions are made and policies formulated.

This administrative defect will have to be corrected if Government is to cope with the growing scope and speed of development in tourism. It is therefore necessary to give a brief account of those agencies directly or indirectly involved in tourism affairs.

PL 20

ORGANIZATION CHART indicating relevant Agencies and Organs in the Administration of Tourism Affairs





## Ministry of Finance

The Tax, Excise and Customs Departments of the Ministry of Finance are administratively responsible for customs and finance and for the execution of the legal provisions and regulations appertaining to them. These affect, among other sectors, the tourism industry. In addition the Customs Department is responsible for the frontier control and the observation of regulations with regard to incoming and outgoing visitors.

Although Nepal's tax and customs regulations are nowhere near as complicated as those of many other countries there are however considerable obscurities in their application; these are partly a result of linguistic difficulties as correct English or other translations do not always exist for the relevant regulations, e.g., the rules of procedure referring to the application of taxation. The not yet fully developed financial administration which above all else is short of qualified staff adds to the technical difficulties.

The most important dues of concern to the tourism industry are the income or rather corporation tax, the sales tax, the hotel tax, import duties on hotel furnishings and indeed all goods which are not designated for re-sale and the import duties on consumer goods required in the tourism industry.

With these laws the taxation of individual hotel firms proves extremely difficult to apply, particularly because on the one hand guide lines are often not drawn up to accurately assess individual cases, while the existing guide lines are, on the other hand, not always in full accordance with one another.

Customs procedures at the airport of Kathmandu are in general simple and require little time, luggage is only examined at random. Only recently, that is in mid 1971 have customs authorities alleged more stringent regulations which were chiefly to prevent the illegal exportation of hashish. Customs officers are quite aware of the significance to tourism of a smooth operation and the fact that the Head of the Department was a former officer in the Department of Tourism may have helped here. Since Tribhuvan Airport is the gateway to Nepal for the majority of visitors the manner in which customs inspections are carried out is decisive for the all important first and last impression visitors take with them of a country and its people. Observations show that this is being done exceptionally more elegantly in Nepal than in India; though this subjective impression should not be over-interpreted it does have a decisive impact on what has previously been considered internal publicity.

The spatial provision for passenger clearance at the Tribhuvan Airport is already nearing its upper limits. This is particularly true of incoming traffic and even more so when two or three aircrafts land at short intervals. While ever since 1968 larger jet planes were introduced and air operations extended considerably, the space available in the customs hall has remained unchanged. A bottleneck exists especially for arriving passengers whereas it is less significant for departures since early registration makes it possible to spread the clearance of passengers over a wider period of time. Also, passengers are usually prepared for longer delays on departure than on arrival.

Together with these technical difficulties there is at the moment only one special customs procedure that

hampers the clearance of departing tourists: the supervision of the order prohibiting the exportation of all antiques over 100 years old. Increasing offences against the law which apparently have risen with the increase in tourism, have caused the authorities to clamp down on the smuggling of antiques by more thorough checking of the luggage. It appears debatable however whether customs officials can have transferred to them tasks which really only art experts are fitted to deal with.

Furthermore it is not certain whether the great mass of tourists really is involved in the smuggling or whether it is not more likely that quite different circles are more suspect. And finally attempts should be made to discover whether the problem cannot be solved more effectively by closer surveillance of the curio trade rather than checking all passengers.

### Nepal Rastra Bank

The Nepal Rastra Bank is the central issuing bank in the country. Its hands are tied by the directions of Government in all decisions on loan and currency problems of national interest. Even where it is in a position to take its own decisions it needs the approval of HMG, represented by the Ministry of Finance. The dependence of the central bank on the Government is somewhat lessened by the fact that in all important questions the Bank must be taken into consultation by the Government.<sup>1)</sup>

In questions of currency (for example changes in the rate of exchange) the Government takes decisions, the Ministry of Finance acts upon them<sup>2)</sup> and the NRB on the one hand gives advice and on the other carries it out. The NRB is therefore both a consultative and an executive body.

The NRB issues to and withdraws licences from exchange dealers. Only "authorized foreign exchange dealers" are entitled to change money at the official rate. The Bank has set up three exchange bureaux: one in the airport terminal and two in the city centre of Kathmandu.

The only two commercial banks in Nepal, the Nepal Bank Ltd. and the Rastriya Banijya Bank are, with the approval of the NRB, also entitled to carry out exchange dealings. However of the exchange possibilities thus available in principle in the banking sphere practically only the NRB exchange counters at the airport and in the New Road as also the Nepal Bank Ltd. (likewise in New Road) are of importance for tourism.

In most cases the tourists probably change their money at the exchange counters in the hotels as they can provide themselves with local currency without unnecessary journeys and loss of time. Almost all of the classified hotels have the NRB licence required.

<sup>1)</sup> Nepal Rastra Bank Act of 1955, in the draft version of 1968 in particular articles 5 and 12.

<sup>2)</sup> Thus for example on the 31st of October 1971, the Ministry of Finance floated the rate of the Nepalese Rupee against the British Pound, the D-Mark the Swiss Franc and the Japanese Yen.

As from July 1971 the following hotels were "authorized foreign exchange dealers": Soaltee, Annapurna, Shanker, Crystal, Blue Star, Leo, Mt. Makalu, Snow View, Mt. Manaslu, Paras and Camp. The exchange procedure entails little administrative expense and takes place speedily - particularly in the hotels. Altogether the number and distribution of the exchange offices of the hotels and banks at the present point in the development of tourism should be sufficient to provide a smooth service to the tourists. The lack of opportunities to change money outside the Capital is as yet little felt since possibilities for spending are as limited as is the flow of tourists.

As noted earlier certain proportions of the foreign exchange find their way to the black market in the Capital. At the time of the investigations (mid 1971) the Nepalese Rupee was being negotiated at a drop of about 60% of its official value (official rate: 1 US dollar = 10.1 rupees, black market rate 1 US dollar = ca. 16 rupees). No details or estimated values could be ascertained neither on the foreign exchange in Nepal nor does the Rastra Bank have an indicator of the actual proportion of the black market.

Since 1970 tourists are exempted from declaring foreign exchange imports and exports. Within the context regulations governing the supervision of foreign exchange the NRB is the competent authority for the allotting of foreign exchange to Nepalese business concerns. The hotel trade as the most important branch of the tourism industry enjoys as a matter of principle preferential treatment in this system. It requires foreign exchange principally to import technical installations, furnishings and vitally important consumer goods (food and beverages).

Up until now it has been chiefly hotels in the first category (4 and 5 star) which are said to have been given sufficient consideration in the allotting by the NRB of the necessary foreign exchange. The second class establishments and particularly the travel agencies are said on the other hand to have been given less consideration. By the manner in which it assigns the instrument of foreign exchange the NRB can have considerable influence on the promotion of tourism development. In addition this instrument can be used to switch business concerns' demand for imported goods to home production. In the hotel and restaurant trade this would first and foremost concern building materials (bricks instead of merely concrete) furnishing (furniture, carpets etc.).

A further function of significance to tourism carried out by the NRB is the regular recording of the country's foreign exchange revenues from tourism as detailed above. These records are mainly based upon the NRB's receipt of payment from abroad for services rendered by hotels and travel agencies in Nepal. In the Foreign Exchange Balance they are entered in the group of "Invisible Exports" as "Tourists' Expenditure". The figures shown should for the most part include Nepal's real revenue from tourism. Tourists' extra expenses for souvenirs amongst other things, at least in so far as they have been paid for by illegally exchanged money, are not accounted for.

### Ministry of Industry and Commerce

The Department of Industry is directly responsible for the administration of the industrial sector of the Nepalese economy. For purposes of taxation, the pro-

motion of individual branches of industry and also for licensing and admission procedures firms were divided into four groups. One of these four categories contains "any industry relating to tourism or any cottage or rural industry".<sup>1)</sup> Through this the Department of Industry enters into dialogue with the hotels, restaurants, travel agencies and handicraft business in questions of licences, taxation, the granting of special export concessions and basic decisions of a similar nature.

Together with other departments the Department of Industry is predominantly involved in the planning and execution of industrialization programmes. Therefore in the examination of possibilities of raising to a higher degree than before the interest of domestic industry in delivering goods necessary for the establishment and running of travel firms and by this of lowering the proportion of imported goods produced for tourism.

The Department of Commerce is of importance to tourism insofar as it deals with questions concerning the general commercial policy and foreign trade. Import requirements of the tourism industry involve the following agencies: the Department of Commerce, the Department of Industry, the Department of Customs and the Nepal Rastra Bank. Due to this the efficiency of the travel firms is also dependent upon effective co-operation between these four departments.

The Department of Cottage Industries is responsible administratively for the small and medium craft firms. An important part of this branch is the skilled handicrafts sector whose products are almost exclusively intended for purchase by tourists. Mainly located in Patan handicraft establishments represent the most important industrial producers for tourism including souvenirs and furnishing items. A statistical survey of this branch of industry does not yet exist. Nor hitherto have considerations of raising both quantitatively and qualitatively the efficiency of this branch by improving its organization (as for example the concentration of individual firms in cooperative associations) scarcely been mooted.

The Department is not only an administrative body but has also set up its own workshops which produce earthenware, ceramics, skilled craftwork etc. for sale. These state run concerns fulfil less the aim of providing training in management or organization than that of providing handicraft skills. An examination of the souvenir sector in Nepal showed that both production and sales stages to a large extent adapt themselves to demand both quantitatively and qualitatively. As far as the Valley of Kathmandu is concerned the producers and dealers have so far been in a position to satisfy the rising demand. Outside Kathmandu Valley there is no production and marketing of skilled handicrafts for the tourist trade worth the mention. The development of this branch of industry in and around Kathmandu justifies the assumption that in other parts of Nepal too skilled handicrafts and the souvenir trade would develop on a private basis once the demand were created by a suitably high influx of tourists.

<sup>1)</sup> Industries of Category B mean any industry relating to tourism or any cottage or rural industry" (§ 4.3 of the Industrial Enterprises Act of 1961 in the 1969 Version)



The Department of Forestry deserves mention here on account of its responsibility for preservation activities. Under the direction of the Department of Forestry the legislative foundation was laid in recent years for the protection of certain tracts of land against occupation, economic exploitation and for the preservation of wild life. Thus there are several forestry laws which amongst other things transfer all forests in Nepal to state ownership (Private Forests Nationalization Act 1957) and place use of the woods under state control so as to prevent uncontrolled exploitation of the stocks of wood (Forests Protection Act 1967, Forest Protection Rules 1971, Forest Products Sale and Distribution Rules 1968). Further acts and degrees apply specifically to the conservation of nature and the protection of animals: the Wild Life Protection Act of 1958, the Hunting Rules of 1969 and particularly the National Parks and Wild Life Conservation Act of 1970.

The last mentioned act deals above all with the preservation of specific types of landscape and wildlife in Nepal, such as for example the remaining stretches of jungle in the Terai. Thus it was that the Royal Games Sanctuary in the Chitawan-District of South Nepal was finally declared a National Park in 1971 after fairly protracted negotiations and as a further protective measure an absolute prohibition on tiger hunting was decreed, effective from 1st March 1971.

Since 1970/71 an FAO Technical Aid Project is in the course of operation within the framework of which the relevant legislation on conservation and wildlife protection already existing is to be revised brought up to date and completed by new regulations. At the same time the construction of an efficient authority for the preservation of nature and wildlife is to be prepared and begun. Its functions would above all lie in the administration and organization of national parks. To give support to the Department of Forestry by which these measures are to be carried out, the FAO sent an expert with whose co-operation the following intermediate results have up to now been achieved: preparation of a draft plan for far-reaching regulations on nature conservation and hunting, submission of an application for a further FAO Aid Programme on the composition of a Nepalese National Park Organization.

The Department of Water and Power in the Ministry of Industry, Commerce, Forestry, Water and Power is responsible both for the management of present capacities and also for the planning and carrying out of new ones in the water and power sector. New capacities required for tourism plants can therefore not be planned independently of existing and future arrangements for the provision of water and power. On the other hand however, the requirements of travel plants must receive adequate consideration in the provision of public works plans.

#### ● Ministry of Transport & Communications, Public Works

Transport, Communications, Telecommunications and Public Works are key spheres in the general infrastructure. Without their development and improvement, as in the case of water and energy supplies tourism could not expand.

For the improvement of conditions, the Roads Department (roads), the Civil Aviation Department (aviation/airports) the Telecommunications Board (telecommunications) and the Postal Services (letters, parcels)

are the competent authorities. Apart from the Postal Services all of these departments have a Nepalese-foreign planning staff which in the context of foreign Technical Aid is preparing medium and long-term development programmes up to the point when they can be implemented. Thus in the Roads Department since mid 1970 a detailed planning of road communications for the whole of Nepal is being worked out by UNDP ("Road Feasibility Study Project").

Since 1969 a group of experts commissioned by the Asian Development Bank has been working in the Civil Aviation Department on an extensive expansion programme for the improvement of civil aviation (ADB-Air Transport Project). This project extends from preparatory studies to the provision of grounds installations for air traffic (runways, passenger buildings, navigational aids etc.).

The Telecommunications Board co-operates with UNDP in the preparation of a detailed programme for the extension of communications (telephone, telegraph, telex). One result of this was the establishment of an international telex system linking Kathmandu with the rest of the world. The system is being operated since mid 1971.

Nepal's tourism development does not only depend on the future structure of the system of infrastructure but also on the organization and degree of efficiency of the departments existing at present in the individual spheres of the infrastructure (roads, air, communications, even water and power). It is the task of the public roads departments to look after the maintenance and repair of the road network, that of the airport authorities to see that there is no hitch in the clearance of flights; passengers and freight, that of telecommunications to maintain all communications installations and that of the post office to secure safe and speedy transit for letters and consignments of goods.

In all these areas of Government activity during the investigations in Nepal a whole list of deficiencies and insufficiencies was confirmed. They are in part attributable to still unsatisfactory technical equipment however they also partly account for a lack of expertise on the part of executive staff, organizational difficulties and attitudes based on tradition. This last mentioned requires increased efforts in the field of training in which the accent should be placed on specialist training with particular emphasis on execution operation and maintenance of projects and installations.

The Physical Planning and Housing Department has for some years been carrying out extensive foundation work, essentially consisting of long-term environmental planning for the Kathmandu Valley. The significance of this lies in the preparation of a modern, regional programming strategy for the social, economic and cultural development of the Valley. The Physical Development Plan for the Kathmandu Valley indeed represents an excellent compilation of analysis, information and planning policies and probably the most comprehensive study on Nepal so far. Among other important sectors it provides also a basis for tourism planning in the Valley and much of the present Plan is based on information contained in this planning document.

Another programme of great significance for tourism development is being prepared by the Department, dealing with detailed surveys of historic monuments in the Kathmandu Valley including photographic records, historical

and technical data and recommendations for preservation measures. The survey which is to be aided by UNESCO will provide the basis for future preservation activities and it is hoped that it will also open up possibilities for international technical and financial assistance which is so badly needed today.

The needs and importance for tourism not only to Kathmandu Valley have long been realized by the Department and its activities should be given highest priority and support. Urban and regional planning are an essential instrument for the development of tourism especially in the case of Kathmandu Valley because of the inherent conflict between modern development and the need to preserve.

#### ● Ministry of Home and Panchayat

One department directly connected with tourism in this Ministry is the Immigration Office. This institution is the executive organ for the supervision and clearance of incoming and outgoing passenger traffic. In addition it functions as border police force responsible for the legal aspects relating to tourists staying in the country.

To enter Nepal all foreigners with the exception of Indians, need a visa which is supplied by Nepal's missions abroad. During 1971 tourist visas were valid 15 days upon arrival. Since July the officials of the Immigration Office have, - even in the case of arrival at the Kathmandu Airport, - been issuing visas which entitle their bearers in the first instance to a stay of merely 3 days. Extension of the 15 or 3 day length of stay is undertaken by the Immigration Office in Kathmandu itself. The cost of visa amounts at the present time to 17 rupees or 1.70 US dollars. There exists only one kind of visa. Distinctions according to the purpose of the visit (business journey, holiday etc.) are not yet made. The issue of visas abroad and their extensions in Nepal are as a rule carried out speedily and without complications. Difficulties arise when visitors outside the Kathmandu Valley wish to extend their visit. According to information obtained from the Immigration Office in Kathmandu all police stations in the country are supposed to have recently been authorized to grant extensions in such cases. However, observations in autumn 1971 indicate that officials at Pokhara were not informed thereof.

Up until now visas are valid only for visiting the Kathmandu, Chitawan and Pokhara area; special permits subject to issuing by the Immigration Office are required for all other areas. These restrictions may have had some reasoning in the past when only those areas where directly accessible to tourists. Today however tourists may drive to Kodari, Trisuli, Birgunj and other areas without difficulties and there is usually no control along these routes.

One might regard these regulations outmoded at first glance. But it should not be overlooked that these restrictions of visas somewhat suggest the image of a land opened to visitors only recently. There appears to be no need therefore to change the present practice along as liberal control practices are continued.

In the case of trekking permits for outlying areas the

reasons behind these are both to control the flow of visitors to remote areas not least of all because of security factors in areas near the Chinese border. The permits contain a detailed description of the route planned and is generally thoroughly controlled along trail-side check-posts.

The trekking permit represents some kind of a souvenir and trekking record for the tourists. It is therefore desirable to maintain these regulation; if it were possible to facilitate the bureaucracy involved in issuing the necessary permits this would meet both the needs of the tourists and the administration.

The importance of opening up fresh routes for mountain travellers discussed earlier, should be given consideration by the competent authorities. The practicability of current regulations should be reconsidered particularly in areas such as Muktinath, Manang and Dolpo. It appears that present control installations in these areas would discourage any trespassing.

The administration of the central and lower regional authorities, namely the Chief Zonal Commissioners and the Nagar Panchayats (town councils) are in the area of responsibility of the Home and Panchayat Ministry. The touristic importance of these institutions is clearly discernible in the example of the Kathmandu Valley with its tourist centres Kathmandu, Patan and Bhadgaon. The efficiency of the town councils is in practice the determinant factor in whether necessary measures of town development, such as decreeing and supervising of building regulation, construction of a sewerage system, electrification etc., are delayed or carried out efficiently.

Such apparently simple things, as the constant cleaning of streets and squares, the attention to and improvement of public lighting and so on which for the foreign visitor makes a tremendous difference to the external appearance of the towns, are the responsibility of the municipal authorities. If however they do not pay sufficient attention to these necessities, as it sometimes seems to be the case in Kathmandu, Patan and Bhadgaon, problems arise which can only be solved by special programmes ("beautification campaign").

#### ● Ministry of Education

The most important institution within this Ministry touristically speaking is the Department of Archaeology. It is responsible for administering, maintaining and restoring the historic monuments and art treasures of Nepal which particularly in the Kathmandu Valley represent one of the most important resources for tourism. As noted previously the Department is severely limited in the execution of its function by both the lack of financial and personnel resources. Activities were thus restricted to inner repair work and less focused on comprehensive preservation.

The legislative basis for the protection of monuments was created in 1956 by the "Ancient Monuments Protection Act" and the "Guthi Corporation Act" in 1964. The "Ancient Monuments Protection Act" gives the Government full powers to prevent alterations to things worthy of protection (objects, buildings, zones) and for this purpose to limit accordingly the right of



disposal by private owners, and in extreme cases even to take valuable objects out of private hands by purchase or confiscation and to place them under the protection of Government. In addition the act provides for ordinances and regulations to make the preservation and restoration of historic buildings and other valuable art treasures the duty of the individual owner in question. One particular regulation provides free access to all historic and religious sites.

The "Guthi Corporation Act" replaces the direct Government supervision and administration of a large number of important historic sites of temples and palaces by an organization under public law which has all the rights and duties which go with the individual buildings. These duties also include the preservation and renovation of the temples, monasteries, dwellings and other parts of buildings. Several general clauses give the government the opportunity of passing on instructions directly to the management of the Guthi Organization.

The two complementary acts provide not only a sufficient but also an astonishingly far reaching legal basis for effectively paving the way for the measures necessary to save the decaying historic buildings of Nepal. However in the past only very limited use has been made of this. This restraint could in the main be explained by the need for thorough organizational, technical and financial preparations, the last mentioned carrying particular weight because a more extensive programme of maintenance and renovation will require considerable sums of money.

Comprehensive preservation and restoration, the foundations of which are currently laid by the Department of Housing and Physical Planning and UNESCO, require some reorientation in the Department of Archaeology. A not inconsiderable number of the staff and amount of the technical and financial resources of this department had in the past been used to accommodate archaeological activities mainly excavations in all parts of Nepal. It is a matter of practical necessity and priority today to lay stress on the preservation of historic values that are still visible and to place all efforts on the preservation of these structures before they may become subjects to archaeological excavations.

The touristic significance of the Department of Culture in the Ministry of Education arises from the competence of the cultural department in the realm of fine arts.

It also contains the specialist spheres of music, dance and folklore which are of interest to tourism. In the past there have not been regular folklore entertainments specially arranged for foreign visitors. Even individual performances of this nature are said to have been carried out extremely rarely hitherto.

Finally within the Ministry of Education the Department of Education must be mentioned as being of touristic significance. It would be formally considered as the responsible institution for training establishments or schemes which would pass on general and specialized knowledge in the various specialist areas of tourism.

#### ● Ministry of Foreign Affairs

The Foreign Ministry is connected with tourism in

quite a special way: it is the authority that settles all formalities in connection with expeditions to the Himalayas. This includes above all the carrying out of admission procedures and the provision of a liaison officer whose job it is to accompany the expedition and last but not least the collecting of fees payable for every expedition. For Nepal profits from its "possession" of earth's highest mountains by acquiring foreign exchange too. It sells its consent to the climbing and scaling of the snow peaks at fees lying between 6,000 and 10,000 Rupees according to height.

Although Himalaya expeditions have nothing to do with tourism in general, expeditions also partially depend on services and facilities of the tourism industry. Their more important function is that the great expeditions have been forerunners to mountain travelling in Nepal in addition to their contribution to world's awareness and image of Nepal.

After Nepal was opened up to foreigners the Foreign Ministry was responsible for all matters relating to travel in Nepal until 1968 when the frontier control at non-Chinese borders was transferred to the Immigration Office. The approval and clearance of expeditions however remained with the Ministry mainly because most of the important peaks stand close to the Chinese border.

#### ● Nepal Industrial Development Corporation

The Corporation is a Government organization created by the "NIDC Act" with the objective to promote the economic development of the country in the industrial sector by the granting of loans, loan guarantees and shares. The Corporation's capital is for the most part raised by Government with the Nepal Rastra Bank holding a proportion. In mid 1971 the NIDC had investment sources totalling 9,8 million U.S. dollars including:

- hard currency to the value of c. 3,8 million U.S. dollars
- Indian Rupees to the value of c. 5,0 million U.S. dollars
- Nepalese Rupees to the value of c. 1 million U.S. dollars.

Until January 1971 the NIDC had granted loans, loan guarantees and shares to a total of 55,8 million N. Rs. the greatest proportion of which (c. 85%) went on loans. In the same period 12,15 million N. Rs had been provided for investments in the hotel industry and loan guarantees amounting to 2,17 million N. Rs taken up. The hotel trade proportion both of the direct loans as also of the total sum of 55,8 million N. Rs amounted to circa 26%. Hitherto the NIDC has not participated in the hotel business.

The loan conditions in August 1971 involved an interest rate of 7,5% over a period of up to 15 years with three year grace period, half-annual payments of interest and repayment instalments as well as a personal contribution by the proposer to the value of at least 50,000 N. Rs<sup>2</sup>.

<sup>1</sup> Nepal Rastra Bank, Bulletin Vol V, No 3, 1971, page 18  
<sup>2</sup> Nepal Industrial Development Corporation, An Introduction, Kathmandu 1971, page 6

NIDC loans can be granted for the financing of up to 75 per cent of the total investment capital. The Corporation's direct participation is in general not to go beyond 50% of the original capital of an enterprise.

The Project Analysis Division of the Corporation is used in the field of project planning, feasibility, market studies etc., within the context of loan proposals but also independently of them. In this it is assisted by the "Consultancy Services Division" in which foreign advisers work within the context of technical aid agreements.

Because of its heavy commitment the NIDC retains for itself a number of possibilities of intervention. These include possible limitations with regard to the distribution of profits, exercising its influence on the composition of the management of the firm concerned, on the wages and salaries policy. In addition they include a general clause which makes possible any further measure which the NIDC deems necessary.

The Corporation is staffed exclusively with Nepalese technicians and economists in its principle divisions dealing with applications and tasks from other industrial sectors as well as on power and transport sectors.

There is as yet no special group in the NIDC for tourism industry. The work load in this sector is confined to 10-15 applications annually.



## 2.5.2 TOURISM INDUSTRY ORGANIZATIONS

### a) NEPAL HOTEL ASSOCIATION

Established under the Nepal Companies Act regulations, the Nepal Hotel Association is the representative organization of the hotel industry and associated trade. Members are all hotels registered by the Department of Tourism. Membership is divided into active members which would be the proprietor or managing director or any such person engaged by the said hotel establishment and allied members which would be the proprietor or any person engaged in any allied trade advertently associated with the hotel industry.

The Association holds meetings every three months and serves as a platform for concerted action and the solution of problems relating to the hotel industry within the lines of similar associations in commerce and industry. Through its seating in the Nepal Tourism Development Committee the Hotel Association is represented in the principle decision-making body in tourism.

### b) NEPAL ASSOCIATION OF TRAVEL AGENCIES

The second organization of the tourism industry, the Association of Travel Agencies was formed relatively recently and represents the ten travel agencies in Nepal.

As in the Hotel Association the prime objective underlying the Association is to provide for information on developments at home and abroad in the travel trade and to negotiate its terms of business with Government.

Of principal concern to the tourism industry as a whole and its organizations are the uncertainties surrounding taxation, the allotment of foreign exchange for needed imports of furnishings, goods and transportation facilities. Here the tourism industry demands preferential treatment in order to improve its competitive basis in the Asian tourism market.

The Association of Travel Agencies seeks representation in the Tourism Development Committee which has as yet not been granted.



1. INTRODUCTION

The tourism industry is a dynamic and growing sector of the world economy. It is a sector that has the potential to create jobs, generate income, and promote cultural understanding. The purpose of this report is to provide a comprehensive overview of the tourism industry, its current state, and its future prospects.

The tourism industry is a complex and multifaceted sector. It encompasses a wide range of activities, from transportation and accommodation to food and beverage, entertainment, and retail. The industry is also highly seasonal, with a significant peak in demand during the summer months.

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3. POLICIES AND AIMS OF TOURISM DEVELOPMENT



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The Fourth Plan emphasizes the importance of tourism in Nepal stating that among the four main foreign exchange earners, namely ex-servicemen, foreign aid, trade and tourism, Nepal "has to be more dependent upon trade and tourism and should consider both to be permanent and essential sources of increasing national income and earning foreign exchange needed for the development of the country". The Plan therefore stresses that "it has become necessary to develop tourism industry to the largest possible extent".

The favourable tendency for tourism development revealed by the growth in recent years and its hitherto untapped resources put tourism in Nepal into a position from which it can advance. It follows from the foregoing analysis that Nepal is in a seller's market and it is therefore of prime interest to know how tourism may be of benefit to Nepal through

- increasing foreign exchange earnings
- building up a profitable sector of the private economy
- creating an impulse towards the development of the national and regional economics
- diverting development impulses to retarded regions.

There is yet no clearly formulated policy on tourism beyond that in the Fourth Plan for fostering Tourism as a priority to gain foreign exchange. Of just how this is to be accomplished there is no deliberate concept.

The prime object of the present Development Plan is therefore to discuss and identify a comprehensive set of policies and aims for tourism development from which immediate and future action would follow. This will be done by discussing

- the economic importance of tourism
- the sociological consequences
- a set of development goals based on potential demand
- the obstacles standing between the goals and achieving them,

and testing the internal and external factors influencing tourism in Nepal, as well as the interrelationship that exists between these factors, and their relevance in formulating a set of development policies and aims.



### 3.1 THE ECONOMIC IMPORTANCE OF TOURISM

From the foregoing analysis one may conclude that an important objective of tourism development against which all policy proposals will have to be weighed is the improvement of Nepal's competitive position in the regional tourist market. This is however not a goal in itself but a subsidiary aim of tourism policy. From the overall development policies set in Nepal and the economic policy of fostering tourism as a priority sector, it follows that the tourism industry cannot be the final aim of economic policy but is to perform a very valuable function as an intermediate solution. The tourism industry

- is labour intensive with a considerable "learning by doing effect"
- is concerned with predominantly small and middle scale enterprises
- activates the latent potential of private capital and enterprise
- requires a useful and necessary infrastructure that is important for the whole economy
- as an export industry earns foreign currency straight from hard currency countries
- exports services that are not subject to the steady deterioration of the terms of trade
- can contribute decisively to the improvement of the balance of payments, which in the case of a deficit (as in Nepal) constrains the freedom of action for internal economic development
- transforms goods that are economically "useless" to Nepal (like cultural memorials and the landscape) into marketable attractions
- creates, because of the spatial distribution of the attractions, possibilities for decentralized development, that is a balance of regional inequalities.

A significant contribution of the tourist industry to the solution of the tasks of development policy of Nepal can only be realized and exploited to the highest degree if the consequent planning can avoid or decrease the disadvantages of international tourism by means of suitable counter-measures and can utilize as far as possible any advantage and orientate new supplies to meet the demand. In this way tourism can achieve more than its function of being a provisional earner of foreign currency and become an important part of the Nepalese economic structure.

Its present economic significance is relatively limited. About 2 000 employees work in 22 classified hotels (with about 1 100 beds), in 12 non-classified ho-



tels and about 15 lodges. 500 more employees are in the remaining branches of the tourist industry (travel trade, airlines, tour guides).

Estimates are not available of the number of people who will augment their incomes from tourism by part-time or seasonal work e.g. porters on trekking route, Sherpa guides.

As noted above, the income in convertible currency derived from tourism in 1970 was about 1,5 mill.

U.S. dollars, that is, 33 U.S. dollars per visitor. If the hotel section provided about 180-200,000 nights' accommodation each of these yielded approximately 8.5 U.S. dollars in foreign currency.

We will not analyse the reliability of these figures here, for this is probably not very high. If, with all their faults, these are compared with the other sources of foreign income tourism today provides 8% of the total foreign income and 25% of the currency gained from the export of goods. The estimated deficit in foreign exchange of c. 3.2 mill. U.S. dollars for the year 1970-1, caused mainly by the increase of goods imported and a fall in exports, underlines the significance of income from tourism, since rises can be anticipated in this area. Each full worker in the tourist industry might attract about 800 U.S. dollars of foreign exchange if we assume the present structure of demand, the present price level, and currency control.

To discover the actual level of total income from tourism, and that in convertible currency, direct enquiries must be made on the amount, structure and currency of tourist spendings. These questions could be put during the sample interviews of tourists departing as we proposed below. We refer here however to the difficulties of such enquiries which increase with the numbers of organized tourist groups and the intensity of the black market in foreign currency. Estimates suggest that the direct total income from tourism in Nepal reaches 23 mill. N.R.

#### THE MULTIPLIER EFFECT OF TOURISM

In determining the economic significance of tourism one must further estimate the multiplier effect. A pre-requisite for such a calculation, which would show the total effect of tourist spending on raising the income of Nepal, would, besides other matters, involve accurate data on:

- volume and structure of expenditure
- the cost structure in every segment of the tourist industry
- the cost structure of the suppliers, sub-contractors
- the consumption habits of those who directly or indirectly benefit from the tourist industry
- the import coefficient of tourist consumption
- the import coefficient of private and public consumption in so far as the latter is financed by "tourist taxes"

Many of the data necessary for the empirical calculation of the theoretical concept of a multiplier are just as little available for Nepal as for any other country. In order however to get an idea of the magnitude of the actual effects of tourist expenditure on further stages of turnover the following assumptions may be made, which, judging from the available statistics, are not so very far from reality.

- (a) The consumption coefficient ( $c$ ) of the total income be 0.9; that is 10% of the income resulting from tourism is saved or hoarded.
- (b) The import coefficient of the tourists ( $mt$ ) be 0.5; that be 50% of the goods and services demanded or used by the tourists were imports.
- (c) The import coefficient of the Nepalese income ( $mN$ ) be 0.3; i.e. the income resulting from tourism is spent to the extent of 30% on imports.
- (d) The spending of tourists be 100 U.S. dollars.

Making these extremely simplified assumptions and using the following formula

$$INCOME = \frac{(1-mt)E}{1-c(1-mN)} 100$$

one obtains a multiplier of 1.35. A spending by a tourist of 100 U.S. dollars leads, under these assumptions, to an increased income in Nepal of 135 U.S. dollars, that is 1,350 NRs.

But one must be warned against regarding this as the true value of the multiplier for Nepal. Nonetheless, there are good reasons for supposing that it is of this sort of magnitude.

Here is an example that, on the one hand, income from tourism, in addition to the welcome fact that it is foreign currency, can lead to an increase of income in the internal economy and on the other hand that the magnitude of the coefficient of saving or hoarding determines



the magnitude of the increase of income. An upward change of the import coefficient by 20% reduces the value of the multiplier to 0.95: a fall of 20% however means a multiplier of 1.9. In the latter case the increase in income in Nepal from 100 dollars spent amounts to 1,900 NRs.

But one must not immediately assume that these increases in income are real increases in income, since in Nepal an increase in demand caused by the tourists and the increased income cannot be immediately be met by freely available resources. Doubtless there will be a tendency for prices to increase, and this will increase mobility, and like every tendency to inflation will prevent a real increase in income and will disadvantage those who take no part in tourism. Let us here look at the price index for consumer goods at Kathmandu which show a tendency to rise (1961-1 = 100; 1970-1 = 151). As long as no additional resources become available in the economy every increase in demand caused by tourism for goods produced in the country will increase the tendency to inflation. This again is not without its consequences on the prices charged in the tourist industry which might be manoeuvred into an unfavourable competitive situation if the forces pushing up prices in Nepal are greater than in competing countries.

Nepal obtains an increase in income by the multiplier effect engendered by the expenditure of tourists but also through the building up of the tourist industry itself and the resultant economic vigour of the building sector. Building, which is very labour-intensive, spreads income widely so that there is a certain compensatory effect to the one-sided preference of the inflation effect for those who participate in the tourist spending. This investment-related income must be included in those elicited by expenditure in order to maintain the total internal economic effect of the tourist industry. In calculating it we come up against the same insoluble difficulties in obtaining empirical data.

The overall economic aim of developing tourism is however less the provision of employment opportunities nor the increase of income, than the earning of foreign exchange. A priority should therefore be to retain the expenditures of tourists in the country. But as long as the import-dependence of the tourist

industry, both in initial investment as in catering continues, so long will the foreign exchange balance be low.

It is easy to show that the multiplier in our example, after three phases of turnover, creates an import demand amounting to 77% of the original tourist expenditure in foreign exchange.

Given a consumption coefficient of 1, that is, no income is saved or hoarded, the final effect would be that the imports induced equalled the tourist income. The higher the saving the more favourable the foreign exchange balance.

**This example clearly proves that the goal set of gaining foreign currency cannot only be attained by expanding the tourist industry, but that tourist policy must be supplemented by additional measures.**

Basically these are:

- **The reduction of the import coefficient** of tourist spending by the planned injection of resources to cover tourist requirements through internal production. In the hotel industry today, for example, about 50% of the food and drink is imported. Investment in hotels comes about 30-35% from imports. While the latter can hardly be reduced, for it is mainly technical equipment, provision of food from home sources must be preferentially increased.
- **Strict control of foreign exchange** to reduce greatly the desire for imports of private earners from tourism.
- **Promotion of the saving habit** to reduce both the imports induced and the additional internal demand. This would improve the foreign exchange balance and price stability would be obtained.

These measures are attainable for Nepal, and thus there are good prospects of improving the currency balance from tourists by internal measures. But it should not be, and cannot be, the only aim of economic policy to raise the present foreign exchange gain from the present volume of the tourist industry, though in the short or medium term a definite increase in the number of tourists cannot be supported. The following argument based upon what we have written above can be used against the much desired rapid increase:

(a). The close link with Indian tourism causes 50-60% of the tourists to Nepal to be handled by Indian travel agents. Therefore the foreign currency income is only partly in convertible currency but mainly in non-convertible Rupees. On the other hand an estimate of

the supply requires an important input of hard currency (about 30-35% of the costs of hotel construction). The productivity of these investments in foreign currency will remain small as long as Nepal fails to create the basic preconditions of an independent tourism development in Nepal.

(b) The reduction of the loss of foreign currency by building up local production to supply tourist needs cannot, taking into consideration the lack of resources, be achieved in the short term. Every large increase of tourist numbers would make this problem more pressing, unless the increase of production could keep step with the increase of demand. The import coefficient would thus still increase one-sidedly.

(c) Too rapid an extension of the tourist industry would greatly increase the inflationary pressure, as demand induced by tourist expenditures and investment are met by a slowly increasing supply of goods and would thus compete with the concurrent increased tourist demand. The excess of demand leads to import pressure and on the other hand it influences the cost side of the tourist industry, in which however, just as capacity increased there was a deterioration in the ability to compete when prices became insupportable.

In summary, an apparent dilemma exists, for despite the pressing necessity for short term increases of foreign currency income from tourism, with the help of which the industrial and agrarian sector can be developed, this goal can only be achieved by a pace and pattern of development that fulfils both the aims of independent tourist flow to Nepal and the reduction of foreign exchange leakages through increased local supply. It is clear that these goals can only be accomplished as a long-term project.



### 3.2. THE SOCIOLOGICAL CONSEQUENCES OF TOURISM DEVELOPMENT

Decision on appropriate and desirable development policies in tourism must also imply the aspect of socio-economic effects and social policy. The socio-logical consequences of tourism have been little studied as yet for tourism is a relatively new force in developing countries. Attention has been drawn to this problem in many countries already experiencing a tourist boom and the negative consequences brought about raise suspicion and give cause for some concern:

- (a) The influence of the tourist industry is more pronounced the lower the economic development or the less balanced the sectoral development.
- (b) Since the state of development inside Nepal differs from region to region the intensity of the effects set off by tourism differ. Careful socio-economic studies in critical regions are necessary if we are to evaluate the size and extent of visible reactions to the development of the tourist industry.
- (c) These considerations however apply to all regions being developed or, for neighbouring regions, which are influenced by the spreading effects of the new sources of income. The effects are the greater the more important the tourist industry in comparison with the remaining economic sectors and the less they are dovetailed in the established regional conditions.
- (d) The effects change in extent and direction according to the state of development of the tourist industry. The more the region is known as a tourist area the more tourists will come and the greater becomes the capital investment in order to provide the capacity. This leads invariably to organized mass tourism so that the profitability of the investment can be assured and seasonal dependence reduced. When this process leads to overcapitalization intensive competition for tourists occurs and this is also conducted by means of price policy. At the same time the average expenditure of the tourist falls for this is closely related to the cost of the package deal, a mark of organized supply. Not only are the hotels and neighbouring industries affected by this development, but also the secondary touristic infra-structures (suppliers etc.).



Thus the positive economic effects may get worse in the course of development and bring disadvantages to investors.

(e) The reduced return per tourist may, if it sinks below the level of expectation set by success during the early development period, lead to the fact that in a forward strategy supply must be continually expanded to keep the product of quantity and price at least unchanged. Under these conditions the total turnover or the total yield can be raised, but simultaneously the sociological consequences which are directly related to the number of tourists present, are intensified but disproportionately to the economic gain. In so far as these effects are negative or must be judged as such they will be equalized at continually smaller rates by economic advantages.

On the other hand it must be borne in mind that high investments in infra-structures (transport, communication, energy) can become profitable only by a greater turnover or amount of demand. Thus a conflict arises between local or regional balances and the socio-economic consequences. Here lies the difficult problem of evaluating and quantifying possible negative social consequences in order to include them in an economic supra-regional analysis.

(f) The consequences of tourism are that the tourist who, as a rule, has a higher standard of living than that of the native population, brings with him a new and greater demand for goods and services. This results in competition for locally produced resources which may lead to an excess of demand for them. This applies especially to the sector of building land. Under certain circumstances the prices trend abruptly upwards and reach a level above what the local population can possibly afford. This is mitigated for the poorer classes by the fact that this price inflation is only fully experienced by the tourists, so that there is a tourist and a local price. This limitation however is questionable if:

- local entrepreneurs make a profit by tourism and grow rich
- natives from other areas appear as entrepreneurs in the tourist industry

Then a price limitation for local people can hardly be upheld.

(g) In so far as there is an excess demand for local resources a new economic trade link results with supply areas which are able to provide supplies of goods required. The effectiveness of the trade links may be so great that the increased local demand produces no effective stimulus to local production. If this is the case the whole resident population has to suffer the consequences of tourism. In so far as the tourist region is opened by good roads and transport links this effect may occur. The regions, which were to have been advanced by the promotion of tourism thus only receive a fraction of the stimulus since these islands of tourist development are to a large extent supplied by areas which developed earlier and so the dependence on a central area of supply with a surplus of production increases. To this we may add a shortage of local capital necessary for a long-term expansion of production because local investment has all gone into the tourism sector.

(h) Therefore tourist development in relatively underdeveloped regions leads to an increased need of cash,

- because of the rise in prices,
- because of a shortage in goods,
- because new trade relationships make people desire goods supplied only for the tourists.

Moreover capital is needed for investments in the tourist plant, in restaurants, curio trade, utilities etc. as well as investments aimed at increasing production.

If the population requiring cash does not get it by participation in the tourist industry etc. and if an increase in production is not possible, the following are the consequences:

1. migration or abandonment of original employment
2. sale of goods which formerly were offered or produced free.

Further to 1. This is an extreme case of a society of a local type whose original social order has been disturbed. With the intrusion of tourists and the consequences of tourism new ideas and value-concepts enter an intact and vulnerable socio-economic group.

Further to 2. This means commercialization. This concept has no precise definition, but implies that a moral traditional relationship is transformed into a cash nexus. The moral relationship functions economically in a group where the principle of mutual aid is maintained. A tourist as a stranger can require

services only if he is put into a position or is willing to provide a corresponding equivalent. Since such a mutual arrangement can only be balanced out over a period of time the tourist, during his usually short-term stay, cannot provide the equivalent in this society.

To this extent commercialization is justified. It consists in payment for services. This development becomes questionable however when payment is required for those services which are not really services in the sense of being marketable. The principle of hospitality is thereby destroyed. As long as this process extends only to relationships external to the group little can be argued against it. But experience teaches that this change has further consequences especially because the penetration of the western way of life into Nepal is also about to start. While the idea of commercialization has already seeped in, the encouragement of the tourist industry will, so to speak, activate it at a single blow. Since no counter-measures can be taken to block or to canalize this mental outlook in a conservative direction - there were no needs for this - it cannot be controlled and the movement may cause considerable damage. This damage is particularly the "profanation" which if it became serious might lead to the destruction of the unifying religious-cultural basis of Nepalese society.

(1) We will not and cannot here discuss how far commercialization and "profanation" can and will change the style of life of the society. The deeply religious society of the Asian religions may be more resistant to the decay of values than other cultural systems, but this assumption must not lead one to allow the power of "business" to develop unscrupulously. The danger is imminent that an irreversible loss of values will lead to an actual impoverishment of the population, namely by the recognition of their poverty, which - if it lies above the minimum for subsistence - is a relative concept.

Let us abandon the attempt to describe the possible dangers to the cohesion and the functional efficiency of the socio economic culture groups and let us consider the dangers with which tourism threatens development by a kind of feedback effect. "Business" and "profanation" destroy one of the most important attractions for the tourists: the otherness and wonder



of alien cultures and people, the romantic attraction of their naivety, today by definition the very opposite to the rush to modernity. The change in the standard of life and life style of the people by tourism achieves nothing more than a levelling-out, a universal, impoverished copy of the western way of life. At the same time nature and cultural goods lose their attraction as they are swamped by tourists who by their very numbers rapidly induce this levelling effect.

(j) The fact is that all the points of tension mentioned here caused by the confrontation of the tourist and the local people only produce serious results when the weight and intensity of the influences are too great. Nepal requires time to build up the necessary controls. Yet there is an immediate need to develop the tourist industry further in order to gain foreign currency and obtain regional development.

A rapid opening up of organized mass tourism of the middle class variety would without doubt provide much currency, but in the long run these gains would have been bought too early.

It follows that a basic programme would be to work with small numbers and high quality and to let the numbers grow with time, thus preventing profounder disturbance.

(k) From this point of view we must examine the effect and the changes on the labour market. One of the most important consequences of the development of tourism is the creation of new jobs. We must distinguish between direct jobs in the tourist industry and indirect ones in the supply industry. As a rule the new jobs arise only in the tourist industry, while employment in the supply industry will not rise, since, provided no new enterprises are created, latent underemployment exists. In the supply industry usually the jobs become proper ones. However independently of these considerations the creation of new and better opportunities of work and the creation of new and better sources of income are real gains. Since in wide areas of services skilled workers are not required or many can be employed after a relatively short training the pressure in this area is specially strong for young persons. In so far as this supply of labour comes from areas of underemployment or latent unemployment (agri-

culture) there will be a useful effect in the whole income structure. The danger exists, once the job possibilities and the re-orientation caused by the vacuum in the area of production are known, that migration begins from nearby areas. The changes in work structure and regional movements can be the source of many social problems. One must then realize that the tourist industry even in Nepal has a strong seasonal bias, by which the labour market for unskilled labour always provides changing opportunities. As ever, in regions with surplus labour force and chronic unemployment, wages automatically remain near the minimum. Thus the wage structure changes but little. The disturbance comes from the extra advantages of the tourist industry for people employed in it have an income in excess of their wages - tips; these tips often bear no relation to the actual income or grade of work, and so this easily earned money attracts relatively many work-seekers and thus disturbs the wage structure.

In the nature of the case a result is that an income shears opens not now between different areas of employment but between younger and older workers.

(l) Thus the development of the tourism industry favours disproportionately those who initially had their capital and other sources for investment. While the economic and social policy of Nepal seeks gradually to equalize social differences in wealth, the tourist industry opens up new sources of income and new opportunities to invest to the large landowners who had lost some of their power. Though this may be welcomed from the point of view of investment policy, there is every reason to believe that too rapid and too extensive a development of tourism can and will evoke serious social changes, so that the increase of income differences is not to be rejected because of one's sympathy for social justice, but this one-sided extension of the income scale - the rich getting richer - involves considerable social costs.

To sum up, then, the sociological consequences of tourism development tend to defeat social aims set in Nepal's policies, if development is introduced too fast in the regions in general, and in too great quantity, while, if a moderate pace of development is aimed at, tourism would be of benefit to:

- the realization of goals of economic and social development in general
- the improvement in income opportunities

Since it is not possible to substitute anything else for tourism in Nepal its advantages must be made use of, and so a development policy must be chosen in which the marginal sociological damage does not exceed the threshold of tolerance in society. Since this is higher in areas where all sectors of the economy are already equally well-developed, it follows that it is in those areas where tourism should be preferentially encouraged.

A desirable policy would therefore be to develop crucial touristic regions first by improving their economic structure before they are opened to large-scale tourist flow; (this policy accords with the arguments set forth in section 1, Transportation and Communication, where it has been proposed to develop regional economies before these would be opened up by roads). From this it follows that tourism itself does not justify the development of basic infrastructure in retarded areas unless the above-mentioned preconditions have been fulfilled.

The most important policy proposal to be concluded is that, given present conditions, tourism development has advantages if its pattern and pace are in harmony with the overall regional development planning; tourism industry is of benefit to the regions if a moderate pace of development is followed in selected regions in which tourism may play a positive role as an economic and integrated sector.



### 3.3. THE POTENTIAL MARKET: A CONCEPT FOR ITS DEVELOPMENT

Two principal objectives for tourism development emerge from the foregoing discussion, namely

- (1) to increase foreign exchange earnings in Nepal through the tourism sector
- (2) to use tourism as an economic force in regional development.

In the light of these all policies for development in tourism must be evaluated.

But apart from the fact that the internal preconditions do not exist at present for the full implementation of the development strategy for tourism, the most important crux is the dependence on Indian tourism. This can only be removed over a long period of time and then only partially. Independence from India in tourism, therefore, comes into play as a desirable subsidiary, long-term goal.(3)

A decisive step towards this end would be the construction of its own international airport planned - but almost Utopian today - at Simra, this is a long-term project.

Since the last stage cannot come ahead of the first, one must consider by what planned measures the development of an independent tourism policy can be initiated now bearing in mind the long term goals.

With the improvement of Kathmandu airport in the meantime and, perhaps, early permission of landing rights for other international trunk airlines, possibilities open out of attracting international, organized group tourism less dependent on India. Before these possibilities are discussed in more detail one must refer to the one restriction: What Nepal has to offer today is not suited in its present form for a greater number of tourists desirous of spending a longer time in the country.

The following paragraphs present a discussion of development concepts for tourism resulting from the above objectives on the one hand and the present and foreseeable market potential on the other. The tourism market includes the following five categories:

- (a) **Sightseeing Tourism** now representing the majority of international travel to Nepal; it is characterized by a short stay in the country within the Asian package deal.



(b) **Trekking Tourism**, though quantitatively small represents the most distinctive type of tourism in Nepal and shows a positive trend in demand.

(c) **"Nepal-Style" Tourism**, a new form of tourism, almost insignificant today, it represents Nepal's actual market potential in the future. It is a combination of sightseeing (=cultural-orientated) and trekking (=activity-orientated) tourism emerging from both though different in demand and structure.

(d) **Recreational Tourism** from India which is together with domestic travel expected to grow in future, representing, as it is assumed, a strong economic force in the future particularly in the mid-altitude regions.

(e) **International Pilgrimage** and the various forms of pilgrim-tourists which are expected in future.

The resultant Development Concept is designed to provide an integrated, long term concept from which all development proposals follow. It comprises an evaluation of each type of tourism, its importance and impact on the policies set up and, hence priority, as well as the dependences between each form of demand. In effect, the Concept consists of a set of Action Targets which detail the action required in the immediate future, in the middle and long term.

### 3.3.1 SIGHTSEEING TOURISM

Pure relaxation, the main international demand, is closed to Nepal. The potential demand for this as far as Nepal is concerned is very restricted. An aim could be to extend the attractions for sightseers, who by their nature stay only a short time at one place even when this, like the Kathmandu Valley, is packed with attractions. The abundance of attractions is basically an attractive factor, but it is not a cause for prolonging the stay since cultural and historical monuments (temples and urban scenes) are all much alike to the layman. The sightseeing tourist visits only the main attractions and leaves the land again if, after two or three days of viewing, nothing new is offered. Additional or better transport facilities to similar attractions will have no noticeable effect on the length of the tourist's stay, since the highest quality sights are already accessible and fresh supplies only increase the number of opportunities for viewing them, but not their quality or variety.

The second type of attraction in the Kathmandu Valley, the view of the Himalayas, is by contrast with the temples, insufficiently developed. While the expectations of the tourist are exceeded in the cultural and "way of life" type of sightseeing, there may be some surprises here. During the summer half-year the view from the valley to the icy peaks is rare and usually confined to the very early morning. Why then were hotels till recently almost exclusively built on sites lacking a good view? The topography of the valley in many places provides wonderful views of the mountains (e.g. from the town of Patan) which tourists today can only reach by a great effort.

A journey to Nagarkot at dawn repays the effort because of the tremendous view of the whole Himalaya range but because of the unbelievably bad road, is a hazard that one hardly considers. The same applies to the excellent view at Kakani. In both places there are tourist bungalows now, but, being well-intentioned planning failures, they have no function. Viewpoints are merely end points of excursions. They are not places for staying at if in addition they are distant from every type of comfortable infra-structure. The

reactions of tourists up to now is that new hotels on the valley fringes do not lead to a prolongation of the stay.

The opening up of the "Himalaya View" attraction should be given a priority because of the different intensities of interest of sightseers. Views must be opened from the valley (Patan) and from the south (the Phulchoki) or north (Nagarkot) hills. Since the most important attraction, Mount Everest, cannot be seen from the valley, the collector of attractions among the tourists must be offered a flight to Mount Everest. The very limited viewing opportunities from the DC 3 used for this however decreases the pleasure considerably. Could not bigger viewing windows be provided to accommodate passengers who desire to use their camera? The extent to which this modification is technically possible should be investigated.

The intensity of the three attractions, cultural monuments, Himalaya Range, way of life and customs, is great enough to increase the stream of international sightseeing tourists into Kathmandu Valley, but this is possible only if the capacity of the airport is increased technically. By itself, a considerable rise in tourist numbers may be predicted to bring more difficulties than advantages.

Since dependence on Indian tourism will not decrease, the foreign exchange problem remains. To provide for an increase of tourists a large portion of foreign exchange is required (equipment, transport and services), but most of the income becomes inconvertible currency because of the intermediary activities of Indian tourist agents. This situation will only improve if the stay of the tourist is lengthened sufficiently for foreign tourist agencies to prefer direct links with Nepalese travel agencies to the intermediacy of Indian ones.

Now the opportunities of Nepal for keeping this type of tourist longer than formerly are restricted. If the attractions of the valley of Kathmandu were improved, by, for instance, the construction of a ring road, this would lead to more places being viewed



in the same time. Attractions must therefore be provided which demand a greater consumption of time, and which, at the same time, are so attractive that more time must be spent on them. The problem of time spent is a question both of the international and regional competition in such attractions, which, in our opinion, must lie outside the Valley.

The sightseeing tourist desires excursions only to places that are relatively easily to reach. These are confined to places with road or air links to the Kathmandu Valley: Pokhara, Lumbini, Chitawan (Tiger Tops) as direct destinations and Gorkha, Tansen as intermediate places. Sightseeing places could be visited on a circular tour from Kathmandu. Today only Pokhara has the basic prerequisites as a subsidiary to Kathmandu, but its capacity is so small that groups of tourists cannot be diverted there. The further development of this secondary place, necessary if tourists are to stay longer, is closely related to the development of a circular tour. Raw material for this are places which either offer no actual competitive facilities (Lumbini, Chitawan), or have no tourist provision (Gorkha, Tansen) or suitable approach links. The circular tour as a means of lengthening the stay can only be a long term aim. A provisional objective that can be quickly developed is Pokhara.

Since Pokhara can offer only a view of the Himalayas (Annapurna, Fish Tail) among the things that interest the group tourist, its attraction is low in comparison with the Kathmandu Valley, so that it must be improved. This could be by offering opportunities of relaxation and recreation unobtainable in the Kathmandu Valley. The length of stay of sightseeing tourists could be prolonged by offering competitive pleasures. Swimming pools and picnic places in the Kathmandu Valley are surely not enough. Increasing the comfort of the tourist and, incidentally, the leisure hours of the local population, and especially foreigners in Nepal on business, but there is nothing remarkable about them. The three lakes near Pokhara, especially Lake Phewa, could provide growth points for development and recreation, making Pokhara also a much more interesting place to stay in, and contributing positively to a lengthening of the stay. Thus

what is offered to sightseeing tourists could be extended to recreation. Their effect would be to provide something special to lengthen the stay, a step towards opening up a special stratum of demand. If one makes the justified assumption that the way ahead is from increased supply to increased length of stay, it follows also that the intensity of the attraction of the Himalaya must be raised for the tourist industry. The most important current aim is to preserve and open up the natural resources through the creation of National Parks.

Trekking tours, the most intensive of all, are excluded for the normal tourist group. The least intensive is the view of the Himalayas from the Kathmandu Valley and Pokhara. The only way to buy an experience of the mountains of moderate intensity is through road links and direct flights. The existing simple landing strips at Jomson, Langtang Valley and Namche Bazar (Lukla) are points of departure, as also is the road link to the Helambu Valley begun on local initiative, or the planned link Trisuli Bazar to Syabru.

These places today, apart from the landing strips suited to STOL planes, have no kind of tourist infrastructure. The pioneer example of the mountain hotel at Thyangboche, at the foot of Mount Everest, is breaking new ground for the future development of sightseeing tourism in the Himalayas and comparable projects in the proposed Dhaulagiri-Annapurna and Langtang National Parks (see paragraph 1). The technical difficulties caused by altitude, climate and topography are doubtless as immense as the attraction of the projects when they are realized. At the same time they are materially linked to trekking, the second type of tourism, the growth of which, besides sightseeing, must be encouraged.

Our review of how the volume of the tourist demand can be better supplied leads to the conclusion which we call **Target 1** in the following set of development targets.

► Short-term extension of sight-seeing tourism aimed, by providing more and varied subsidiary attractions outside Kathmandu Valley, at prolongation of the length of stay of tourists.

This can promote the main aims of tourist development policy, namely the improvement of an independent tourism by developing or creating a strongly competitive supply of special attractions, accompanied by an increase in foreign exchange earnings and decentralized regional development. The realization of sightseeing package tours would be accomplished during the three stages of development envisaged through the following action:

**SHORT-TERM** ● opening up the attractions of Kathmandu Valley, especially the Himalaya view and folk customs.

● improvement of the tourist infrastructure at Pokhara, e.g., the provision of recreational facilities.

● development of and accessibility to the Helambu area and Langtang.

**MIDDLE-TERM** ● opening up technical facilities for air transport to the Himalayas

● improvement of tourist facilities in the Himalaya National Parks

● creation of tour facilities on a westward circular tour Kathmandu-Gorkha-Pokhara-Tansen-Lumbini-Chitawan-Kathmandu

**LONG-TERM** ● opening the eastward circular tour -Kathmandu-Namche Bazar(Mt. Everest National Park)-Janakpur-Chitawan National Park-Kathmandu

### 3.3.2 TREKKING TOURISM

The opening of the Himalayas for sightseeing will lead to a coincidental creation of new bases for trekking. This type of demand depends on the intensive use of Himalayan attractions - with culture, way of life, as subsidiary attractions - making the trekking areas of Nepal very competitive in international competition.

Trekking, doubtless, is Nepal's sole opportunity to build up an independent market. The long stay required for a normal trek makes a visit to India or other main attractions in the south of Asia quite subsidiary, so that, in any case, direct booking with Nepalese tour operators could be made. This fulfils a precondition for acquiring foreign currency income besides assisting development by directing the tourist to less developed regions.

The opportunities, measured by recent development, are first rate even though, naturally, only a fraction of the numbers of sightseeing tourists can be achieved. Exact numbers of current and potential demand are not available. Estimates speak of trekkers equivalent in numbers to 8% of all tourists. Demand regularly outstrips capacity as can be shown by the very rapid early full booking of organized trekking tours and by the capacity of the relevant travel agencies.

The main supply comes from the Annapurna-Dhaulagiri, the Langtang-Helambu and Khumbu Himal area through which one can move along easy, technically safe routes.

The ultimate functions of trekking can only be fully used if an infrastructure for the main routes is constructed providing comfort and safety for the tourists, and opening a source of income to the local villages. Up to now trekking has provided virtually no economic stimulus in the regions visited which are usually under-developed, for the groups stock up in Kathmandu and can supplement this en route only very modestly. There are three types of trekking demand:

- organized group treks planned long ahead
- individual treks planned short in advance
- spontaneous treks only developing into tours in the course of a stay in Nepal

Planning should concentrate on the first group since here lies the strongest demand. The other two groups can be well enough provided with common equipment even if certain supplementary measures are necessary.

The organized group is as a rule well prepared and is supplied by the initiators or travel agencies with ne-



cessary basic equipment (tent, sleeping bag, cooking utensils, canned food). This basic equipment is currently a bottle neck preventing the short term extension of trekking. To increase capacity would require imports exclusively, for the Nepalese economy produces virtually none of the goods required by trekkers.

Thus trekking is well suited for raising foreign currency income; but profitability in this respect is low because of the high import coefficient. Development measures must aim at reducing the import coefficient by covering trekking needs more completely and in a better way by using local products. Since the highly specialized basic equipment cannot be produced, at least in the foreseeable future, ways and means must be found of reducing the amount of basic equipment that must be carried, by building along the trekking routes strong supply points, which can be maintained by the local population and partly supplied with food.

Up to the present the following standard routes have been developed:

- Kathmandu - Everest Base Camp at Thyangboche
- Kathmandu - Helambu
- Kathmandu - Gosainkund
- Kathmandu - Langtang Valley
- Pokhara - Jomoson (Muktinath)

A long term aim should be to build permanent mountain lodges making superfluous the carrying of tents and large amounts of tinned food. In the short term it is not possible to build a closed chain of mountain lodges. It is therefore a priority task to improve the supply of local foods. As long as, and as far as, production quantitatively and qualitatively cannot be improved up to needs, trade existing already along the routes can better supply the trekkers. Care must be taken first of all to supply surplus from the areas along the routes and not obtain the goods exclusively from Kathmandu-Pokhara, for otherwise the regional development effect will fail. At the same time the layout and safety of camping grounds should be improved. In view of the frequently great difficulties of obtaining usable land the necessary cooperation with the people will only be achieved if trekkers pay for using the camping

grounds.

At the route terminals or the centres of circuit tours first class and bigger mountain lodges should be built. They would have a double use as they would also serve the proposed sightseeing tourism of the Himalayas. Such central points would be a considerable attraction providing in some extent a compensatory comfort for roughing it en route. They would also be rescue stations linked by radio, able in emergency to assist the tourist.

At the same time as the infra-structure of the main trekking routes is being built up for larger, organized groups of up to twenty-five persons the needs of smaller, individually organized groups and spontaneous trekkers should be cared for. We suggest the building of simple accommodation at day's march intervals. The construction and maintenance of such huts should be handed over to the local people who will thus get a direct share of the tourist income. School buildings are now in part used for over-night stays but they are usually very dilapidated and not attractions to tourists. Local inns and restaurants or peasant houses have only very restricted capacity for over-night stays. No doubt a kind of private letting can develop once the magnitude of trekking in small groups makes a corresponding investment possible. The initiative of the local population might lead to planned education on possible uses, and the necessary prerequisites of cleanliness, a fireplace, water and washing place. Since the trekking season for climatic reasons will be concentrated in the winter half year, especially autumn and spring, the development of private letting, supplemented by simple over-night huts and good camping places, is a means that can be followed without a great increase of capacity or risk, thus increasing the trekking demand and the significance of it regionally and as a source of foreign exchange.

Local supply partly relieves the travel agencies so that they can work up demand without having to extend their capacity too far. Since the capacity of a route is much restricted by the load the natural potential can bear and by difficulties of supply, extra varia-

tions to the present standard routes should be developed, to be used in the first instance by self-supplying groups. Thus wider areas can be included in tourist developments. This policy would open up better the Himalayan National Parks and also possibilities for trekking in the east and west of Nepal. Since the approaches from Kathmandu and Pokhara are too long, facilities must be developed by road links and landing strips to make these regions accessible.

Since Kathmandu is still the central and starting point for trekking tours, in the interest of a second tourist centre at Pokhara, trekking from this base must be increased.

This could be achieved especially by opening the circular tour Pokhara - Muktinath - Manang - Pokhara and extending the tour Pokhara - Jomoson to Mustang, and a concentrated development of short trips like Pokhara - Naudanda.

A basic preparation for all trekking routes should be founded on the provision of good maps, which, supplemented by short guides, would give information about difficulties, distances and differences in height. Also simple marks should be put on the routes so that lone trekkers can more easily find the way.

Once this information exists positive advertisement of trekking can begin. The large numbers of spontaneous trekkers show that tourists are now informed about possibilities and difficulties of trekking tours in the Himalayas. The doubtless great direct and indirect advertisement for expedition tourism has awakened an awareness but produced also a negative, repellant effect upon the potential trekker.

In fact already a second-hand market for equipment has developed, but trekking could surely be increased even more if the necessary equipment was available more easily and of better quality. Imports are necessary for this, but these could perhaps partly be avoided with the opening up of the important routes we have recommended with shelters and services provided, so that equipment for emergencies would not any longer be necessary. To some degree local production could make necessary parts of equipment (e.g. better quality walking shoes, good rain coats and cold-protective clothes, rucksacks and sleeping bags).

In developing trekking potential very experienced experts are required to make a choice of projects and decisions on qualitative and quantitative problems. These experts are partly to be found in the travel agencies which have built up trekking in the past and partly in foreign mountain clubs which have acquired experience in opening up other mountain areas.

To develop trekking we recommend the following measures:

#### Target 2

► Aim: the improvement of the regional effects of trekking by increasing local supply and the reduction of import leakage.

SHORT-TERM ●	The safeguarding and building of shelter and camping areas on the main routes.
●	measures of local supply by improving production and trade
●	maps and information, marking trails
●	the advertisement for trekking
MIDDLE-TERM ●	building of mountain lodges at centres with extensive self-supply
●	development of fresh routes
●	opening roads and landing strips for tours in the east and west of Nepal
●	local production of important trekking equipment for trekkers
●	development of Pokhara as a second base for trekking
LONG-TERM ●	concentration on developing certain areas: Langtang Valley; Jomoson - Muktinath - Mustang; Namche Bazar - Thyangboche - Mount Everest Base Camp



- improvement of shelter and the supply of infra-structure on new routes

### 3.3.3 "NEPAL-STYLE" TOURISM

With the development of facilities for sight-seeing and trekking the foundations of a local, independent tourism have now been laid. Since trekking is the only form of an independent tourism for Nepal its extent will remain limited; only a combination with other forms of supply and demand can be developed into a "Nepal-style tourism". This should be the long term aim of tourist policy orientated less to the dominant trends of world tourism and working towards an individual development; that is, the demand is created by the supply.

This concept is based upon the fundamental idea that with increased travel experience and abundant mobility in the industrial states there is an increasing group, which during vacation, wishes to experience not only sightseeing moving quickly from place to place or only recreation with inactive beach-hotel life or merely sport (as for instance trekking) with relatively greater bodily exertion and discomforts, but desire above all something that is a well-balanced mixture of all these.

A Nepal holiday is able to offer everything that this indeterminate group expects of a sporting, recreative and cultural holiday. The stratum having this demand - long distance tourists with high incomes and education - is so thin that it would be impossible to assemble groups from any one country. Moreover, this kind of demand does not correspond the typical group tourist. These tourists are individual travellers from all over the world and already to be found in small numbers in Nepal. To activate demand would be part of a long-term strategy for neither is advertisement sufficiently extensive nor supply fully available.

One of the preconditions of its future development is the reduction of air fares for individual travellers. Today a reduction in fares is only available to organized charter flights. Apart from this, signs are increasing that this business, almost exclusively organized by travel concerns in countries of origin will in the future be increasingly taken over by the airlines them-

selves. Their over-capacity has led, through heavier competition, to a relaxation of IATA agreements. Once the traffic from Europe and America to Asia is large enough and an adequate seasonal stability is achieved, the establishment of regular tourist flights to intermediate air traffic nodes will be possible. From these travel agencies of many tourist countries can offer extension flights.

Such a development assumes the growth of a perfect communications system so that individual bookings to distant lands are possible. Today the prerequisites for such travel traffic are not really available - a problem that will be solved in the near future. Nepal has taken the first step by being linked to the international telex network which at the moment is only used by the travel agencies but will open the country to the future development of individual tourism. A function of the tour operator - the organization of cheap flights - will lose importance in the future. The remaining functions of providing information, propaganda and a guarantee of attention must be taken on by the destination country itself. As this aim is a distant one Nepal will be able to build on the fact that as tourism increases knowledge of the country increases. But this is definitely an inadequate basis if it is not supplemented by a central office for information in Europe and U.S.A.

Yet, independent of such future prospects, whose realization only time will prove, Nepal should concentrate in the long run on the individual tourist category. The risk of mistakes in estimating the existence and size of this tourist group is small since necessary planning of supply for the normal demand will suffice. Nevertheless recreational facilities must be improved and short trekking tours must be developed and better roads to the Himalayas so that these tourists do not have to spend too much time with transfers.

Better access to the Himalaya area follows automatically from the construction of the roads planned running along north-south development axes. Of especial importance here is the accessibility of the Helambu valley by the link road already begun, the extension of the road Kathmandu-Trisuli to Syabru and the improvement of access to the Khumbu-Himal by a link and de-

velopment axis from the south.

While regional attractions for sightseeing tours are only acceptable if they can easily be reached, the planned circuit tour to the west and east of Kathmandu can be wholly included in the "Nepal Holiday". We take for granted that because of increased demand the less attractive cultural memorials of the Kathmandu Valley will also be visited as well as a balanced selection of attractions outside the Valley. Through this, the touristic capacity and local load limit will be raised.

Tourists, wishing to obtain a profound impression of the country during a Nepal Holiday, are more ready to visit places internationally of comparatively less competitive value, but which round off the total impression of Nepal, its landscapes and people. Such areas are the Terai and the Midlands. Wild life will be of more interest to this group, and so in the long term the maintenance and the rehabilitation of Park (Chitavan National Park) and Preserve Areas will attain greater significance. As for trekking the more western and eastern regions of the Terai can be developed and opened up so that from the principal centre of Kathmandu, the resort centre Pokhara, and the west and east tour, further impulses will spread outwards to decentralized development areas.

The planned internal air traffic net will thus not only play its part in tourism but also receive impulses from it, thereby accelerating the complete opening up of distant regions.

The advantages of the special "Nepal Holiday" tourism is that it supplements and evens out the demand for sightseeing and trekking both of which make use of limited parts of the potential on offer. On the other hand it is best for increasing the opportunities of gaining foreign currency and stimulating development both aims of economic policy.

Since Nepal and the world market at present do not offer the necessary pre-conditions for the development of this type of holiday, tourist policy is only concerned in the long term. Thus the first phases of planned development designed to increase current tourism must be weighed against long term aspects of attracting "Nepal Holidaymakers". Because of this, efforts to build up a good image by internal publicity are very

important, since if this succeeds a corresponding increase in demand is stimulated almost automatically. For the same reason care must be taken to preserve threatened attractions for they form the basis of the future market. This preservation applies both to the care and maintenance of cultural monuments, the maintenance of their original environments and to the anticipated preservation of folklore and way of life.

The development of Nepal brings about unavoidable changes which will be superficially visible as a western way of life and a consumers' ideology. One is right in attributing to the tourist industry a considerable hastening of this process which may be strengthened by increasing tourist numbers. Since on the other hand the advantages of what tourism has already achieved can be too highly valued, for the danger is great that Nepal will be spoiled for the touristic future by a too hasty forcing of tourist development bringing in very little foreign currency.

The long term target thus demands a moderate growth of the tourist industry in the proximate future according to what is prudent from the point of view of foreign currency to keep development within the framework of what the total economy will allow.

The following are the stages of development for providing the "Nepal-Style Holiday":

#### Target 3

▶ Aim: The achievement of a short and middle term touristic development to provide an independent tourism by preferential promotion of regional infra-structures and the maintenance of important attractions.

- |             |   |
|-------------|---|
| SHORT-TERM  | ● Maintenance and restoration of cultural attractions   |
|             | ● Preservation of folk customs and the way of life by protecting them against destructive influences.   |
| MIDDLE-TERM | ● the extension of the infra-structure of potential touristic regions (a west and east circular tour, wild life, the Himalaya National Parks) |



- the linking of important trekking points by shortening approach routes (Helambu, Langtang, Khumbu Himal)

- to develop recreational facilities in Kathmandu Valley and Pokhara

- LONG-TERM
- establishment of information and intermediate offices in Europe and U.S.A.
  - an internal tourist air network
  - propaganda for the "Nepal-Style Holiday"

### 3.3.4 RECREATIONAL TOURISM FROM INDIA

With the general economic and social advance in India and Nepal, tourist traffic between both countries will develop. Nepal offers to rich Indians, especially during the hot season, opportunities for recreation in its higher mountain areas. Potential demand from India in numbers is not known. Estimates suggest that they may number out a quarter of a million. It is possible that the intended regional development may be promoted partly by Indian recreational tourism. Already India is increasingly developing its own mountain resorts, but Nepal has the advantage of being "abroad". This is not only a prestige advantage, but it has commercial value, since Indian tourists by purchasing in Nepal can circumvent the strict import restrictions at home. But one cannot build a long term policy on this.

Many plans for the development of Pokhara are based on the idea of creating a predominantly Indian holiday centre. Since its aim is not to gain foreign currency to cover necessary investment these plans must be cautiously approached. The recreational value of the lakes in the Pokhara Valley are limited and should perhaps be preserved as a second focus for international tourism based on Kathmandu.

The development of the western (Rara Lake, Dailekh) and the eastern area (Ilam, Dhankuta) is probably just as suitable for Indian tourists and therefore does not hinder the potential of foreign currency gain. On the

other hand this area has keen competition from neighbouring resorts in Sikkim and Kashmir.

If an infra-structure (roads, hotels) is created for international tourism the rather different requirements of Indian tourists should be considered and accommodation standards focused on the needs of this group should be planned and encouraged. In this matter care must be taken to keep imports arising from this within narrow limits or at least to limit them to imports from India. Otherwise the fundamental aim of obtaining foreign currency would be endangered in favour of a better utilization of many investments. Active encouragement of Indian tourists will also meet difficulties, for India itself is developing regional tourism and therefore will not give access to its market openly and too liberally.

Since all in all the available resources of Nepal are restricted they must in the near future be concentrated exclusively upon the development of international tourism, so that the development of Indian recreational tourism can only be considered in a long term policy and as a secondary aim.

The following stages of development for recreative holidaying from India are proposed:

#### Target 4

- |             |   |
|-------------|---|
| SHORT-TERM  | ● to assess the volume, structure and motivation of current tourist traffic from India  |
|             | ● the analysis of selling prospects to and development plans of India   |
| MIDDLE-TERM | ● the promotion of model resort areas in the Midlands (see accompanying plan identifying potential resort areas) used as a testing of the potential force of recreational tourism from India. |
| LONG-TERM   | ● the building up of other resort areas in the west (Rara Lake) and east (Ilam) along the development axes.   |

Domestic tourism, the quantitative forms of which are however difficult to foresee today will qualitatively

be very similar to that of recreational tourism discussed above. One may assume therefore that as domestic tourism grows, not least of all as a result of the economic effects expected from international tourism, catering facilities will develop in areas attractive to the travellers. As with recreational tourism from India, accommodation facilities will in view of the price level involved be different from those used by the international tourists so resort areas would eventually provide for the specific needs of domestic travel as well.

### 3.3.5 PILGRIMAGE

Nepal possesses key shrines of Buddhism and Hinduism that are visited annually by great streams of pilgrims from Nepal and abroad. Several tenths of the National Shrines of Swayambunath, Pashupatinath and other important places during the great festivals each year. At the same time the numerous religious sites in Kathmandu Valley are great attractions for international tourism.

Government has recently emphasized the importance of fostering pilgrimages outside the Capital Region and priority has been given to the shrines at Bhara-chetra, Janakpur and Muktinath.

Probably holding the greatest international significance, Lumbini, birthplace of Gautama Buddha and one of the four major poles of Buddhist pilgrimages, is designed to play a key role in future pilgrimage and tourism.

The UN-sponsored development project for Lumbini envisages a large-scale development programme including the rehabilitation of the sacred site, infra-structural and environmental developments, and the creation of catering and servicing facilities for pilgrims, visitors and tourists. The project will be made possible by co-ordinated international and bilateral assistance mainly from Buddhist nations. A master plan for the development of the entire area is now in the course of formulation after preliminary studies had been carried out since 1967.

The plan will include an access road to Lumbini, a monastic enclave, green and landscaped areas as buffer zones, a pilgrim village, and, finally, the

sacred garden constituting the core area around the Shrine of Buddha.

The planned development of Lumbini National Monument will help Nepal foster her socio-religious heritage, and, though the project is born almost entirely by international efforts, it will provide considerable economic impulses to Nepal. Today, Lumbini is remote and isolated, pilgrims find it difficult to reach, and, if, they will do so via India for the access road there is more convenient, and their stay will be short as there exist no lodgings. For the non-pilgrim or the pilgrim-tourist Lumbini now offers no tangible attraction, though, some visitors may feel this remoteness and peaceful repose of the landscape right.

Lumbini has its place within the world of Buddhist pilgrimages and improvements to its physical status will certainly not alter this. It is assumed, however, that, on completion of the project, Lumbini will increasingly attract travellers of the type of the pilgrim-tourist from Buddhist countries, and it will represent an attraction to international tourism, especially from western countries.

Those two types of visitors are expected to provide the "market" force, and, hence, for the economic returns of the project. With the provision of transportation and basic infrastructural items such as water and power within the scope of the development project, the basis is laid for the provision of adequate (middle class) accommodation facilities, and, once these are created Lumbini should have a firm place on the western circuit proposed as it will add to the attraction of the whole tour.

Whereas Lumbini will thus be an important place for both tourism and pilgrimage, the promotion of the aforementioned pilgrimages is peripheral to tourist policy for their role is different from Lumbini and the great shrines of Kathmandu Valley. As a rule pilgrims come to those sites at one season only, that of the main festival. Nevertheless, preservation of the shrines and the provision of pilgrim facilities is regarded a cultural need, beyond economic impacts



### 3.4 CONCLUSIONS

#### 3.4.1 Policies and Aims

● If tourism is to contribute effectively to Nepal's economic and social progress a moderate pace of development should be aimed at while, at the same time, the prerequisites of a sound growth in tourism must be created.

● The tourism industry can, once properly developed, function as Nepal's most important foreign exchange earner; it can play a significant role in regional development; it creates new employment opportunities and new market possibilities for local production; through this it can help achieve a wide distribution of incomes from tourism, and induce development in other sectors of the economy.

● It is from these principle objectives that all development action must follow.

● The most important policy proposal underlying the market concept is to orientate tourism development on the specific supply Nepal has to offer and to use it in an optimum and balanced manner. While, today sightseeing and trekking use this supply (attractions plus touristic infrastructure) only one-sidedly, the Nepal-Style tourism is designed to use the infrastructure more economically.

● Foreseeable trends in demand indicate that large-scale mass tourism will, as a result, give rise to a special segment of demand which will be composed of a more "individual" type of travel seeking to escape the uniform and levelled pattern of organized mass tourism.

● If, as it is assumed, supply tendentially creates demand the specifically Nepalese answer is to build up its own distinctive pattern of supply and not to attempt meeting the needs of what is usually termed the "trend in world tourism".

● However much of this future demand is not definable today neither is it possible to determine its quantitative pattern, for it is being constantly created by the expanded supply and promoted by marketing. From this basic assumption it follows that the future growth in tourism in Nepal cannot be based on

trend-in demand-projections which have been frequently used in the past, but on a deliberately conceived and implemented pattern of development oriented on the foregoing policies and objectives and what is to be achieved through them; for tourism is not an end in itself but a most valuable means in order to achieve social and economic growth.

#### 3.4.2 The Development Concept

● The basic Development Concept for tourism is to place all efforts in the immediate future on the extension of sightseeing tourism, and the requisites necessary for it to expand; in the middle term the objective would be to improve trekking, while in the long term an independent Nepal Holiday would emerge on the basis of the supply created and improved in the previous periods. Long term subsidiary objectives would be recreational tourism from India and international pilgrimage.

● The objective of developing sightseeing is to increase foreign exchange earnings, that of trekking chiefly to induce income opportunities in the regions. Both are intermediate goals towards the long term goal to achieve an independent tourism market in Nepal.

● All development action in the years ahead will have to be considered in the light of this objective.

● The Concept anticipates a decentralized pattern of tourism development in the future. While in the initial phase, facilities in the Kathmandu area would expand, priority would gradually be given to develop Pokhara. The idea is to promote round tours through which tourism would spread and create impulses in the regions which would result in a less dependent pattern of tourism activities in the long run.

● The other important aim of spreading tourism is to promote longer stays in the country which is also a basic prerequisite to attain relative independence in the Asian tourism market.



### 3.4.3 Obstacles to Achieving Aims

● The concept proposed for tourism development represents a way to achieve the aims set for social and economic development in Nepal. The way to achieving these aims however is conditional upon the removal of obstacles which lie in the nature of the tourist industry in general, and the specifically Nepalese conditions

Most of the important obstacles standing between the foregoing objectives and achieving them have been outlined. They are summarized here for their tendential removal is the most important object of the subsequent Development Programme.

● Foremost amongst those is the dependence of the tourist plant on imports which is an inherent problem in developing countries experiencing tourism; it is especially acute in the initial stages of development and operation. The foreign exchange balance is less positive the lower the overall state of the economy, e.g., the production of investment and consumption goods, and the greater the need for importing goods and services without which the tourist industry cannot operate. In Nepal, the construction and operation of a five-star hotel involves imports of up to 75 per cent.

● With the development in the industrial and agricultural sectors this percentage will certainly decrease, but this may take time. The danger exists that with a sudden and rapid expansion of the tourism sector the present bottlenecks on the supply side may become even more critical.

● It is thus imperative that immediate action is taken to remove the deficiencies in the supply sector through the promotion of increased production of higher value agricultural produce. The solution of the import problems in the supply sector is by far easier than that of investment goods. Technical installations and construction material for the hotel trade cannot be produced locally in the foreseeable future. But to reduce the import rate any superfluous luxury in the furnishing of the hotels should be discouraged as long as it is not essential for meeting the needs of the tourist. There is no need to display a wealth of technical items in hotels for which there is no other reasoning than that of international hotels standards.

● In view of this moderate pace of development in tourism is recommended oriented on the possibilities of the entire economy in Nepal; the years ahead must see the improvement in the supply sector so that in the subsequent period a faster pace of growth can be attained, and at the same time the import dependencies reduced as well as the other preconditions met.

● Foreign exchange earnings are not only through the direct income of the hotel trade but also through lateral tourist expenditures. These are considerably higher with individual tourists than organized tourists having a fixed travel budget. It is true that a quick development in tourism cannot but be achieved through organized tourism. But, as it has been shown, a fast pace of development does not seem desirable under present conditions, therefore the development should increasingly be focused on individual tourists in future. This necessitates however increased marketing and promotion activities of the kind usually provided for by the travel agencies abroad.

● To attract this segment of demand the preconditions have to be created for keeping tourists longer in the country, e.g. opening up of country-wide attractions, development of recreational facilities, promotion of tours etc.; through this, Nepal would reduce her dependence on the Indian tourist market which remains as long as the local tourist market only offers a 3 to 4 days stay of the organized tourists.

● Decentralization of tourism is severely hindered by the present absence of an adequate touristic infrastructure and the status of the infrastructural fabric in general. Nepal possesses a wealth of unique attractions. Yet the development of a tourist plant hinges on the provision of transport facilities and basic infrastructural items such as water and power supply.

● On the other hand the tourist industry alone would not be capable of bearing the costs involved in infrastructural development. For this reason and those mentioned in Section 3.2, Sociological

Consequences of Tourism, the regional pattern of tourism development must follow along the axes of growth, though special segments of demand such as trekking tourism would spread independently.

● If the tourist industry is to function as an economic force in the regions it is essentially necessary that it creates economic impulses and provides linkages with other sectors. The goal of achieving entirely local supply of goods and services is however burdened by the present shortage of agricultural land and the limited possibilities to grow high quality crops.

● Other difficulties lie in the present absence of private initiative to invest outside the Capital Region, with the exception of Pokhara. Thus the aims of decentralizing tourism and promoting longer stays are endangered. This problem can only be resolved by resort to Government action for there is as yet no indication whatsoever of potential sources of investment capital in the regions themselves.

● Administrative obstacles are in evidence which may prevent Government for some time yet to take decisive steps into the direction of comprehensive tourism planning and the execution of plans. And the fact that the Concept envisages a moderate pace of development in tourism is not least of all influenced by the available administrative machinery required to cope with the ever-increasing managerial and planning tasks development will bring.

● The economic objective to create investment and employment opportunities in the tourist industry is also handicapped by the very nature of international tourism. The seasonality of the tourist flow makes it difficult for the tourist industry to create profitable and full-time job opportunities. It follows that the aim must be to achieve a more balanced seasonal pattern through special attractions, differentiated price policies, and marketing.

● It is true that nothing reacts more sensitively to crises than tourism. Nepal's possibilities to influence positively this state of affairs lie in the promotion of an independent tourist market, namely the Nepal-Style tourism which is not entirely dependent upon the reaction pattern of organized mass tourism.

● Probably the most sensitive factor affecting the future development is the lack of needed financial resources, but also the lack of expert knowledge and knowhow required to set afoot a comprehensive development programme. International technical and financial aid and assistance is needed to achieve some of the goals set for tourism development.



4.  
DEVELOPMENT  
PROGRAMME  
1972-1980



## 4. DEVELOPMENT PROGRAMME 1972-80

**Preface**

The following programme converts the foregoing policies and aims and the resultant long-term concept for tourism development into a programme of action which is designed as an instrument to guide development over a period of eight years. It is subdivided into two phases

- the first phase 1972-1975
- the second phase 1976-1980

It presents the conclusions of the study team and sets forth a consistent set of development targets which are recommended in the light of the preceding analysis and the fundamental objectives underlying the present Plan.

Basically, **development targets** act as guidelines for preparing the accompanying instruments, policies and measures without which targets would not be attained. In order to implement targets it is necessary to quantify them and to transform them into the future. Before this is done we will first analyse previous projections on growth in tourism in the plan period which have been worked out by the Asian Development Bank and the Nepal Industrial Development Corporation.

The Asian Development Bank has made projections on visitor arrivals based on the year 1969. It forecasts an annual increase of 30% through 1972-1974 and a gradually reduced rate up to 1980 (15%), yielding a 1980 total of 290,000 visitors. The projections chiefly serve as a basis for air transport capacities in future.

An (unofficial) projection of the future hotel capacities by the Nepal Industrial Development Corporation attempts to forecast accommodation requirements in different hotel categories for 1970-1977. The projection assumes three growth patterns based on rates of increase which differ between 25 and 37.5% without stating any reasons for choosing such rates. In the same manner the average length of stay is varied between 4 and 7.5 days over the forecast period. On the assumption of a 72.0-75.4% occupancy per room which is rather difficult to be

4.  
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reached, if ever, by the entire hotel trade on average, the projections arrive at following capacity requirements: Using a medium rise in demand (1976: 235,000 tourists) the resultant room capacity would be 2,180 in the three to five star categories. Consequently the room requirements increase to 2,835 in the subsequent year in order to accommodate the forecast 305,000 tourists. The NIDC projection serves mainly as an investment target for the hotel industry.

Even though these projections employ a number of mathematical refinements their main weakness is that present conditions are merely transformed into the future. In the case of the NIDC forecasts, projections are based on a continuation of high rates of increase that were brought about by an exceptionally big expansion of the hotel capacity during 1966 through 1968. And the forecasts assume this pace of growth to continue in subsequent years without taking into account the pattern of expansion peculiar to the hotel industry: Expansion takes place in steps, a period of major additions is followed by a test period during which the new capacity must be marketed, and the outcome of this will determine the climate for future investments.

In Nepal's hotel industry this test period lasted particularly long as no major additions have been made during the past four years and the present situation evidences that it will not be before 1973/74 that new units are in the market. Therefore any demand-oriented projection would, as it has been shown in recent years, be of little meaning and resultant targets would not be attained. Another and more important defect of projections of this type is that they ignore the need for accompanying policies and instruments requisite to implementing targets.

If, as it has been shown in the preceeding discussion, tourism is to be of benefit to Nepal, the pace and quality of developing it determines the targets that can be achieved. Nepal's share in the world market is so little that an increase in supply can be absorbed without difficulty if proper marketing measures are taken. Therefore the question is not what quantity of demand must be met but, rather, what quantity of demand can be accommodated.

Yet independent of the market conditions, there are various limiting factors at work which in essence determine the expansion on the supply side, and which

have been analyzed in the foregoing Section.

Amongst others these are chiefly the economic possibilities, the infrastructure, and the marginal social threshold. However, neither of these factors lends itself to an exact quantitative assessment because both the theoretical instruments and the data required are not available at this time.

Growth rates of tourism are a function of the following three elements:

- The Capacity of the Tourist Industry Plant
- The Touristic Value of the Attractions
- The Familiarity or Publicity of the Resort

If we allot the same value to each of these factors - there are however justifications for giving them different weighting, but no criterion for this - then one may conclude that in the near future the recent high rates of growth will level out.

As a rule increased hotel capacity is not immediately taken up by the market. Until sales promotion leads to success a period of about two years may pass, which for other entrepreneurs represents something like a test period. During this period nothing, or only a small amount, is invested. Only when new capacity is overloaded does sufficient pressure of demand build up to activate the plans made during the test period and lead to fresh extension of capacity. Growth in the tourist industry occurs in steps on both the supply and demand side. Every delay or disturbance in growth makes the steps longer and thereby diminishes the annual rate of growth. Nepal is today at the beginning of a new phase of investment, making possible a continuation of a growth in demand. Investment however continues only until it becomes clear that the new capacity cannot be filled.

The increase in demand made possible by the capacity depends then upon the attractions and degree of familiarity with touristic Nepal. Its attractions can certainly be ranked high - a land till lately inaccessible, i.e. virgin territory with the highest mountains in the world has surely a good competitive position. This however is less of an attraction as transport costs increase, and as travelling is more uncomfortable and less safe. These nega-



tive factors and the type of attractions (no recreation available) prevent the growth of tried visitors, regularly or often returning, the very foundation of the clientele of every tourist region. Therefore new demand must continually be solicited because of the negative factors from a relatively restricted potential and the strong competition of Nepal's rivals. Constant high rates of increase are accordingly hard to achieve since they are not formed of the sum of regular visitors and new visitors, but only of the latter category.

A decisive increase of the attractivity of Nepal is not possible in the short run as the development measures proposed and improvements in supply require time for their realization. This applies particularly to the improved opening up of the Himalayas which will greatly gain as tourist attraction. Necessarily this attraction is negatively influenced by Nepal's close links with the image of India, which can only be abolished if Nepal can create the pre-conditions for a longer holiday stay.

On the other hand Nepal loses touristic attractiveness by being opened up to tourists seeking in Nepal the inaccessible and the untouched. This increasingly leads to a more crowded competitive market. If this effect is over-compensated by the positive results of developing tourism one must not forget however that just because of its difficulty of access a considerable potential demand has been held back, that could be developed if travel dreams could possibly be realized in the present or in the near future.

This loss of potential demand must constantly be made up to maintain at least the present level of demand. Therefore awareness of Nepal and what it can offer to tourists - the third factor influencing increased demand - must be increased. The culture and landscape of Nepal is apparently already well known: constant reports and films of Himalayan expeditions have done valuable, free propaganda. However this publicity has the imprint of the one-sided expedition image that must be compensated by complementary enlightenment on other matters such as trekking. It is especially important to provide information on modern hotels conforming to the best international standard

The above discussion shows how means can and must be employed to increase demand. The potential decision on how fast and to what extent the tourist industry should build up must not be based simply upon a naïve prognosis by trend extrapolation, but taking into consideration possibilities and chances of success, must enhance the intensity of the three main influencing factors - capacity, attraction and publicity. We recommend moderate growth because of the difficulty of extending the tourist industry beyond the present state of affairs and of pursuing the aim of gaining foreign currency and regional development, taken together with the difficulty of direct stimulation of demand. Too many basic prerequisites for profitable tourism are yet to be created for short term high targets to be sought.

This may seem to give an unduly pessimistic orientation of the Plan's targets or that a minimum size of the Plan is aimed at. If so, this is not intended. It should not be overlooked that tourism development in Nepal is still in an initial stage and is inseparably connected with the state of development in other, dependent sectors of the economy.

This means that considerable and widespread action is required before targets can be implemented, involving such fields as agriculture, supply industry, transportation and communication. It is true that in the practice of development planning many countries find it difficult to implement too big a set of targets, with the consequence that primary goals are not attained either or not as they should have because supporting and accompanying plans were not implemented.

Finally, whether development targets are met or fall short depends on Government's possibilities to develop and to carry out plans effectively, as well as to co-ordinate plans and programmes which depend on each other.

The purpose of the present Programme is to provide the needed instruments to implement it yet action is required to realize it.

#### 4.1 REGIONAL PATTERN OF TOURISM ACTIVITIES

The most important policy proposal from which the development of accommodation facilities must follow is to lengthen the average stay of visitors. This can be accomplished in two ways:

- (a) the creation of resort areas and the provision of recreational attractions suited to the needs of international tourism
- (b) the opening up of the country's attractions by round tours operated from Kathmandu with intermediate stops and short stay in selected sites

further to (a), obviously this cannot be achieved immediately for most of the preconditions do not yet exist on the resources as also on the demand side, and there is a common consent of all wholesalers interviewed, that this way cannot be achieved in the short run because the present structure of demand (composed chiefly of organized travellers of the type of cultural-sightseeing tourists) and its needs are not primarily focused on recreation.

This means that round tours have better prospects because they make it possible for the visitor to see a variety of Nepal's attractions which accords with his basic motivation of travel.

Round-tours (circuits) can be operated from Kathmandu along the existing transportation lines, and can thus be realized without great difficulties. But because of the long-term economic goal of creating an independent type of supply in Nepal aimed at eventually making it a single destination in Asia the development of vacation destinations must not be lost sight of.

● From this it follows that the correct objective is to develop round trips and by doing so to create the nucleus of resort areas which - once the impulses make themselves felt - can develop into vacation destinations.

The selection of suitable areas underlies the following three criteria:

- the economic aims of foreign exchange and regional development
- the market value of attractions in view of potential demand
- the state of the infrastructural fabric which determines the profitability of the tourist industry



Besides these basic factors, it is also necessary to provide for continuity in development so that previous investments are not lost.

The decision on areas which should be developed in a given period must therefore take account of these factors and must evaluate their relevant impact. In doing so three questions are put up in the decision matrix:

- can overall economic and social aims be achieved through developing a given region?
- are the facilities to be created marketable?
- what infrastructural requisites are needed and are these sound from the point of view of profitable investments?

Because of the lack of adequate data on a regional basis the appropriate way to evaluate is in the form of probability methods.

The Development Concept, as presented in Section 4, results from the above set of criteria:

#### 4.1.1 The Basic Concept

is that Kathmandu is to remain the principal centre of tourism activities in Nepal owing to its touristic infrastructure, its unparalleled cultural and scenic attraction, and its function as the gateway to the country for the majority of international visitors. There is no doubt that the expansion of accommodation capacities is most promising in Kathmandu as it is already included in a number of international packaged itineraries. In addition business travellers represent an important and growing demand segment in the local hotels.

The aims of spreading tourism from Kathmandu further afield would be accomplished by promoting round tours. The opening up of the westward tour Kathmandu-Gorkha-Pokhara-Tansen-Lumbini-Chitawan-Kathmandu is needed first. In the initial period, additions to the existing facilities at Pokhara and Chitawan (Tiger Tops) should be made, while new tour facilities are proposed for Tansen and Lumbini; Gorkha would be included in the programme though without over-night facilities. It is anticipated that the tour would be fully operated at the beginning of the 1976-1980 period leaving enough room for a large variety of tour arrangements of between three and six days in general with the possibility for extension and

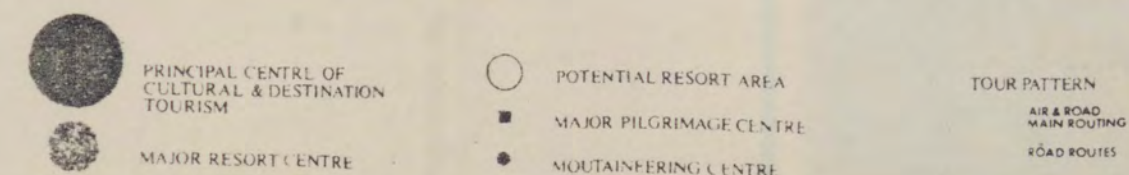
PLATE 21

The Regional Pattern of Tourism Activities envisaged in the Plan is illustrated in this map, defining the function of each tourist centre. The principal tour patterns as proposed are illustrated on the map as also facilities for special segments of the tourist flow

special tours from Pokhara. Innumerable variations are indeed feasible so that a large number of groups can be accommodated by a relatively small capaci-



## PLANNED TOURISM ACTIVITIES





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special tours from Pokhara. Innumerable variations are indeed feasible so that a large number of groups can be accommodated by a relatively small capacity of lodging facilities if such operations are well planned and co-ordinated. The tours would be operated by different methods of transportation, e.g. road and air, and a combination of both, through an optimum utilization of the existing and probable surface and air transport facilities.

Through the impulses created by sightseeing tours the basis is laid for the development of vacation destinations especially in the mid-altitude regions of Central Nepal. It is anticipated that Pokhara will develop into a major resort centre once its recreational potential and close proximity of the Himalayas is improved. To open up this potential and to develop it properly is the most important goal in the immediate future in view of the long-term objectives set up. Requisite steps in this direction are the development of a basic infrastructure upon which resort facilities can be built, and plans should therefore be set afoot as early as possible.

Resort areas on a smaller scale are envisaged mainly in Tansen and Gorkha for the expected increase in recreational demand from India. Following the expansion of the transportation network vacation destinations for this demand segment are anticipated in Central, Eastern and Western Nepal.

The development of National Parks, as outlined in detail in Section 1, is an important means to open up the Himalayas to tourism; while the development project for Langtang is now in the course of implementation, Annapurna and Dhaulagiri and Khumbu should be included in the programme for the 1976-1980 period. The extension of Chitawan National Park is proposed in the same period. Park facilities initially provided for trekkers would with the extension of transportation also attract sightseers.

Thus, towards the end of the second phase 1976-1980 it is anticipated that an eastward tour Kathmandu-Namche Bazar-Janakpur-Chitawan-Kathmandu would be introduced. The promotion of this tour for the volume of tour operation is however conditional upon the construction of an approach road. Until then special tours would be oper-



ated by small aircrafts.

The proposed pattern of regional tourism activities is shown in the accompanying map as it is envisaged at the end of the planning period, by 1980.

The development of pilgrimage centres at Lumbini, Muktinath, Barachhetra and Janakpur is treated as a special case, though Lumbini would be provided with tour facilities and, with the implementation of the present development project, could develop into a major resort centre.

Throughout the planning period new facilities outside Kathmandu for the volume of international tourist flow will basically be created in support of the expanded plant in the Capital. It is anticipated that the present average stay of visitors in Kathmandu will not change materially in length but will remain 3 days on average; lengthening the stay in Nepal is the prime purpose of creating tour facilities outside Kathmandu, and through this gradual extension to an average 5 days is envisaged up until 1980.

With the construction of the international airport, Simra would eventually function as a major tour base from where a variety of tours less dependent upon Kathmandu would be promoted. At the same time, Pokhara airport will on completion provide the requisite for developing Pokhara into a single destination independent from Kathmandu. This will eventually lead to the decentralized pattern of tourism activities anticipated in the future, and which would make itself felt in the period beyond 1980.

## 4.2 ACCOMMODATION FACILITIES PLAN

### 4.2.1 Priority Areas

It is the recommendation of the study team that the following areas be selected for priority during the planning period:

- KATHMANDU
- POKHARA
- TANSEN
- LUMBINI
- CHITAWAN

New accommodation facilities should be located here and all development efforts should be concentrated in these areas which are provided with minimum infrastructural facilities requisite to the economical operation of tourist plants. Still, considerable infrastructural investments are required and Government assistance is needed to encourage private initiative.

#### (a) Kathmandu

For four-fifths of the international visitors, travel to Nepal is synonymous with travel to Kathmandu. A survey of current programmes of international wholesalers indicates that Kathmandu has now a solid place in the tour itineraries operated in Asia.

Thus the possibilities for expanding the visitor plant are good were it not for the fact that a too rapid expansion brings with it more problems than sustained economic benefit. On the other hand present accommodation facilities in the three star and lower categories can still absorb an estimated 15% increase in demand to meet satisfactory occupancy rates.

Analysis indicates that the present demand structure is relatively homogeneous as far as motivation of travel is concerned (sightseeing), apart from the trekking tourists which however represent only a small segment; differences exist however in the travel budget of different visitor groups: visitors from the U. S. dominate in the four and five star categories while in the three star category visitors from Europe are more important. Trend analysis indicates that the need is for more supply in the three, four and five star categories.



Future accommodation facilities in Kathmandu must increasingly be tailored to the needs of the potential demand structure. The four star category in which there is only the Hotel de l'Annapurna at present benefits from both a great share of U. S. visitors as also from business travellers resulting in an average occupancy which is well above that of other categories.

Investments in the four star class appear therefore most promising, while with regard to the apparent rise in European visitors, expansion in the three star class is justified. However, at present a bad patch has to be overcome.

Tara Gaon, the hotel village now built at Kathmandu is mentioned here expressly because it aims at a demand sector up to now insufficiently provided for with hotels, that is, business travellers and tourists wishing to stay longer. All previous experience shows that the business traveller, (this includes all travellers for business, diplomatic or commercial reasons) prefers the hotel when travelling alone. If however he is accompanied by his family he prefers the bungalow-type accommodation. The same applies for tourists who for any special purpose remain longer in the country.

The size of new hotel additions must take into consideration factors of internal economics so that they are optimal from the point of view of operation costs. They must also be within the real economic capacity including

- the capability of the construction industry
- the capacity of the supply sector
- the capacity of the infrastructure supporting the plant e.g. transportation, circulation, water and power supply, sewerage
- the availability and training possibilities of hotel management and personnel

Considering the present situation in Kathmandu any of these factors prevents too rapid expansion and too great a size of hotels.

It is recommended that the following additions are made:

First phase construction (or extension) of 150 rooms in the five/four star category

construction (or extension) of 200 rooms in the three star category.

Second phase construction of 100 rooms in the four star category

construction of 100 rooms in the three star category

In order to make possible a greater variety and quality of supplementary hotel facilities (such as recreational facilities, shopping opportunities, visitor entertainment) it is proposed that in future hotels be concentrated in Resort Centres. Detailed recommendations on this will be presented below.

#### (b) Pokhara

Pokhara is now the only area outside Kathmandu which has more than one tourist hotel. It is accessible by road and air directly from Kathmandu and is linked with Northern India by road. The local infrastructure includes water and power supply, health services, and the nucleus for agricultural supply exists.

With its lakes and nearness to the proposed National Park Pokhara possesses developable recreational resources. Cultural attractions are few compared with Kathmandu or other areas of Nepal. Yet the magnificent scenery more than compensates the lack of other sightseeing opportunities. Potentials are there to promote folklore performances, as also handicrafts and souvenir production.

The potential demand includes, in the order of importance, the following three types:

- sightseeing visitors along the proposed tour routing
- vacation tourism from India
- trekking tourism

In the immediate future a better average occupancy of the existing facilities would be attained. New facilities would be in the three star touring class in order to cater for the larger volume of sightseeing tours.

Following additions are recommended here through 1980.

First phase Construction or extension of a 25 room lodge.



**Second phase** Construction of a 50 room hotel in the three star class (touring).  
Construction of an 80 room hotel in the three star category

It is important that during the first phase the basic requisites are created for the future resort centre. This includes first the preparation of a site plan and land use control; secondly the landscaping of the lake area and bio-chemical analysis of the lake and its suitability for swimming.

### (c) Tansen

is located south of Pokhara en route to the Indian border. It lies amidst the typical mid-altitude landscape of Nepal which provides excellent climatic and scenic advantages. The town comprises a colorful ancient bazar and functions as a major administrative regional centre.

Tour operators expressly intend to include Tansen into a round tour itinerary. Basic infrastructural facilities are in the course of provision; a diesel plant is scheduled in the present Five Year Plan, and surveys are underway for a new water supply system. Health facilities and telecommunication exists.

Tansen could draw on two potential demand segments

- sightseeing tourists through the opening of the proposed circular tour
- vacationists from India which are bound for Pokhara

To meet the anticipated demand the following facilities should be planned:

**First phase** Creation of a 25 room tourist village in bungalow style in the three star touring class

**Second phase** Construction of a standard 50 room touring hotel

### (d) Lumbini

With the implementation of the development project for Lumbini National Monument the basic requisites for a local tourist plant will be created, e.g. transportation and communication, and utilities. While the project will mainly cater to the needs of international

pilgrimage, the special attraction of visiting the birthplace of Buddha should be opened to international tourism. Both these potentials provide a basis for developing Lumbini into a major independent resort centre in the future.

But since development must virtually start from scratch one cannot expect this to take place very fast. Still some uncertainties exist whether the targets set in the Lumbini Development Programme are not too ambiguous in view of both the country's capacity to implement them as also of the envisaged wants of Buddhist pilgrimage.

It is essential that pilgrimage and tourist facilities are co-ordinated. Since the recommendation of the study team is to promote a round tour, facilities required in the first phase would be confined to a 15 room lodge to accommodate the tour programme. The beginning of the second phase would be a test period to await the demand reaction and the progress of the overall development project. Towards the end of the second period it is anticipated that the plant would be expanded by the standard 50 room touring hotel within the envisaged hotel chain.

### (e) Chitawan

A special attraction in the proposed tour itinerary as today is wild life observation in the Chitawan National Park for which a basic development and preservation project has now been set afoot. Tiger Tops Hotel is already well established in present tour programmes and there are good possibilities to expand the present facilities by an additional 15 rooms.

With the implementation of the suggested Park extension it is recommended to construct a 50 room lodge in the eastern Park.

Both facilities would be in the two star category which is justified by the fact that a safari lodge is not expected to meet comfort standards of normal hotels.

Because of the climatic conditions in the Terai each room should however be equipped with showers.





Second phase Construction of a 50 room hotel in the three star class (touring).  
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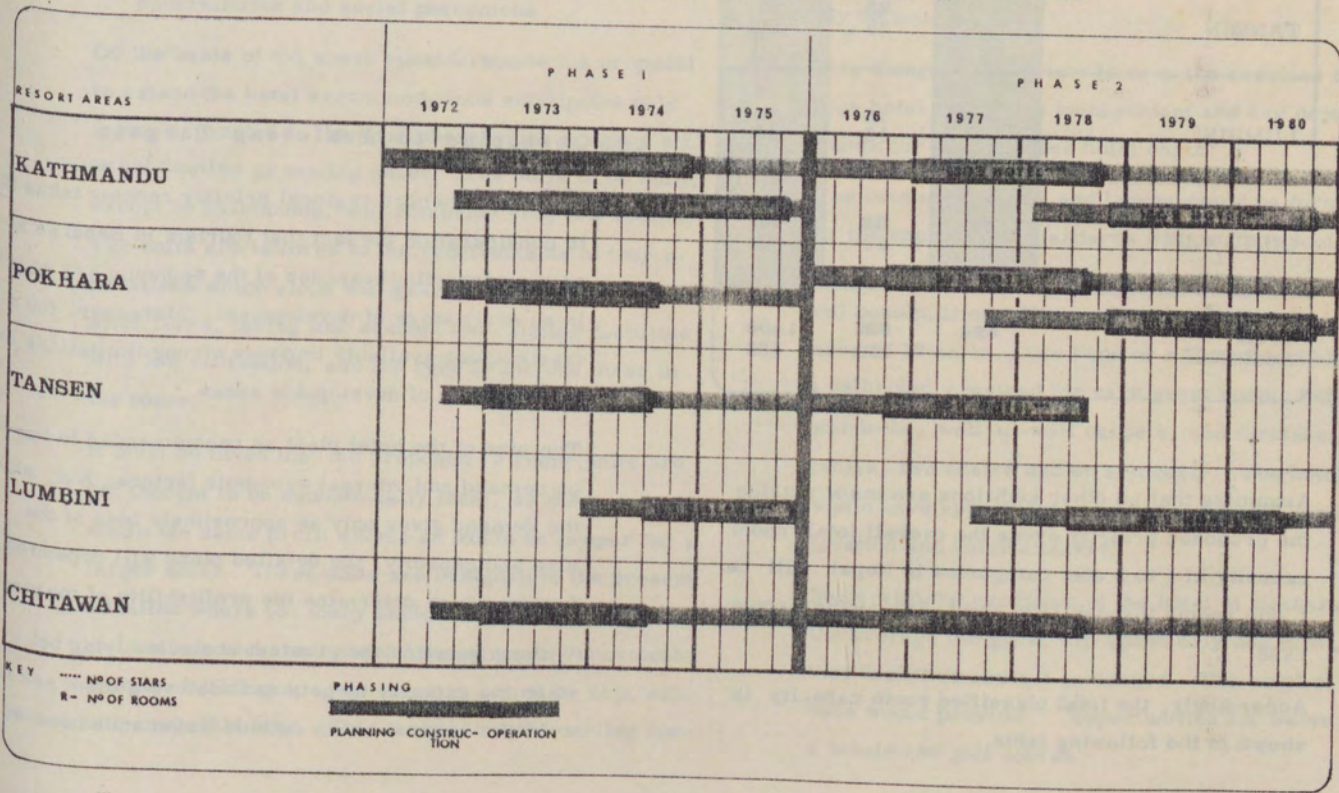
(d) Lumbini

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ACCOMMODATION FACILITY PLAN 1972 to 1980 - indicating proposed Phasing, Rooms, Category, and Type of Facilities

PL 23





#### 4.2.2 Development Targets

The recommended phasing of the proposed accommodation facilities is shown in the accompanying graph also indicating the anticipated room capacity, category and location.

Resultant accumulated accommodation capacities are shown in the following table; the total additional capacity would amount to 430 rooms during the first phase and 480 rooms in the second phase, the total available rooms in priority areas will then be 926 rooms through 1975 and 1,406 rooms through 1980.

PROPOSED ACCOMMODATION ADDITIONS 1972-80

Location	Rooms		
	1972	1975	1980
KATHMANDU	451	801 350✓	1001 200✓
POKHARA	22	47 25✓	177 130✓
TANSEN	-	25 25✓	75 50✓
LUMBINI	-	15 15✓	65 50✓
CHITAWAN	23	38 15✓	88 50✓
Total Additional	496	926 430	1406 480

Assuming that no other additions are made outside the proposed priority areas the overall total room capacity in 1 to 5 star categories in Nepal will be 1,055 rooms through 1975 and 1,535 rooms through 1980.

Accordingly, the total classified room capacity is shown in the following table.

TOTAL CLASSIFIED ROOM CAPACITY

1972-1980

CLASSIFICATION	1972	1975	1980
<b>HOTELS</b>			
xxxxx	110	280 150✓	280
xxxx	90	290 200✓	290 100✓
xxx	95	95	225 130✓
xx	194	194	194
x	70	70	70
<b>LODGES</b>			
xxx/xx	66	146 80	196 50✓
Total Additional	525	955 430	1435 480

#### 4.2.3 Obstacles to Achieving Targets

The recommended regional priority ranking takes into consideration the fact that tourism in Nepal as also the supporting branches of the economy are as yet in an early stage of development. Moreover, the infrastructure available imposes strong limitations to the selection of developable areas.

The size of the hotel plant as recommended is based on demand and internal economic factors. But, while the demand gives only an approximate idea of the size and capacity, the detailed plans will depend on factors which determine the profitability of the plant.

Without question the greatest obstacles lying between the capacity targets and achieving them are in evidence in most areas outside Kathmandu because

- up to now tourist facilities outside the Capital showed little expansions in recent years, and as a result of this, travel agencies have been slow in including these facilities into their tour itineraries.
- it therefore requires a certain running-in period to convey to the market the newly created demand which will thus not be taken up by the market immediately.
- the investors will consider this as a test period during which no major additions will be made.
- training of management and personnel has to take place and will require time.
- the supply of food and other goods requisite to the operation of the hotels on international standards must be built up first.
- infrastructural extensions are required and transport facilities must be improved.
- as new capacities are built complementary tourist and travel services must expand, including the souvenir trade, tourist guides, information materials, transport facilities such as cars and tour buses.
- Government must engage in opening up tourist attractions and in the preservation of these to secure a proper utilization of resources.
- builders and planners must increase their experience.
- the local communities must be prepared for the increasing tourist flow with regard to both economic opportunities and social phenomena.

On the basis of the above considerations the proposal to extend the hotel accommodations anticipates only minor expansion in the first phase which is above all an habituation or testing phase. The units to be built, except in Kathmandu, will comprise very few rooms. The units are tailored to the requirements of tour operations which alone will guarantee satisfactory visitor flows, taking into account the existing facilities with low utilization, and the need to include these in the tours.

It must be noted that the proposed 15 room units are not thought to be economically ideal, as these cannot attain the same profit norms as would be proper for a larger hotel. These units are designed to the present situation where too many basic requisites are still to be created, and unsuccessful investments, unavoidable in the building up of an industry, must be kept within manageable size. This means that the earlier me-

thods of testing applied by the N.I.D.C. must be altered.

#### 4.2.4 Creation of a Hotel Chain for Outstation Hotels

In the second phase when some of the preconditions for expanding the plant will be met, it is recommended that, again outside Kathmandu, standard 50 room touring hotels be established. These hotels would be operated in a hotel chain sharply centralized with a three star headquarter hotel in Kathmandu. The aim is to level out the disparities which exist in the regions through organizational measures. These would include

- making available adequate managerial skill which could be utilized centrally and by all outstation hotels and to have know how and expert advice available when and where needed
- the organization of hotel supply and training of personnel centrally and making available a skilled staff of instructors and planners to assist the individual hotel units

Only through these organizational measures would the level of service required in international hotels be attained in outstation hotels, and some specifically local problems in personnel, management and supply be overcome.

It is thought appropriate to seek the services of foreign hotel experts in management and key departments for the proposed hotel chain

The outstation hotels and lodges would be furnished to the appropriate standards without introducing a conflict between international requirements and local possibilities. The guest rooms will have a net area of 18 sq.m., two beds or a French double bed, a bathroom provided for each guest room, built-in wardrobe, wall-to-wall carpets, and furnished with tables, two chairs and an armchair. The hotels would have appropriate lounges to provide for relaxation and entertainment.

Since with the exception of the hotel at Pokhara, on the average the guest will spend only one night, further facilities are not envisaged. The hotel at Pokhara would provide opportunities for water sports, a tennis and golf course.



#### 4.2.5 Financial Analysis

In the preceeding analysis the basic data are indicated which determine the economical utilization and profitability of hotel operations.

For the purpose of the present Plan we will not attempt an overall profitability analysis of the hotels proposed since most of the data needed are not available as these could only result from a detailed project plan and site investigations, including detailed information of available infrastructure, land prizes, project financing etc. without which a detailed analysis would yield no practical result.

The method used is the Cash Flow Analysis which calculated the profit and loss account of hotel operations and which indicated the cash return on investments. In order to keep the calculations within reasonable limits a number of assumptions have been made on the basis of the available information and experience.

These include the assumption that the supply of food for hotels will have been improved during the second phase, and that trained personnel is available. Account has been given to inflation rates which, wherever justified have been included (2 to 3% annually).

The following analysis is confined to hotels proposed outside Kathmandu, and include the 15, 25, and 50 room units at Pokhara, Tansen, Lumbini, and Chitawan. The 80 room unit proposed towards the end of the second phase is not included in the analysis. Hotels in the Capital have already been subject to financial analysis by the N.I.D.C. and the International Bank for Reconstruction and Development.

#### Basic Assumptions

##### Size of Units

First Phase: 25 rooms at Pokhara and Tansen  
15 rooms at Lumbini and Chitawan

Second Phase: 50 rooms at Pokhara, Lumbini, Tansen and Chitawan

Category: three star, except the two star lodges at Chitawan

Expenditure: U. S. \$ 13 for full board (Excluding commissions and transfer), divided into \$ 7 for accommodation, \$ 4 for

meals, \$1.5 for drinks, and 50 cents for others.

While the amount of \$11 is directly payed by the travel agent, the amount of \$ 2 is payed individually by the guest, other expenditure would be for post cards and laundry available in the 50 room units.

##### Occupancy

The occupation of rooms is estimated at 1.7 persons on average; this means that the first bed is occupied 100% and the second bed in the room 70%.

In the first year of operation an occupancy per room of 35% is assumed (occupancy per bed - 30%)

In the second year 48% (40%), and in the third year 65% (55%).

In addition, the assumption is that from the third year on the occupancy remains constant even when a bigger unit is added.

Direct Costs of Sale: Food 40%, Beverages 50%, other 10%

Staff and Pay-roll Costs: have been calculated individually

Operating Costs: First Phase: 19% of sales, Second Phase: 17% of sales

The reduction in the second phase is based on the assumption that improved water and power supply will then be available.

Maintenance: First Phase: 7% of sales, Second Phase: 4% of sales

Management Fees: of sales plus 10% of Gross Operating Profit I management fees also cover the administrative costs of the hotel chain and office charges.

#### CASH FLOW ANALYSIS (PROFIT AND LOSS ACCOUNT)

15 ROOM HOTEL (CIRCUIT)

In U.S. Dollars

	First Year	Second Year	Third Year
Room Occupancy	35%	48%	65%
Bed Occupancy	30%	40%	55%
Bed-Nights	3,285	4,380	6,023
<b>Sales</b>			
Rooms	\$ 22,400 52%	\$ 30,100 52%	\$ 41,400 52%
Food	15,000 35%	20,000 35%	27,500 35%
Beverages	4,700 11%	5,760 11%	8,600 11%
Other	940 2%	1,250 2%	1,730 2%
Sales Total	43,040 100%	57,110 100%	79,230 100%
<b>Costs</b>			
Food	6,000	8,020	11,000
Beverages	2,340	3,140	4,300
Other	460	630	860
Total Costs	9,800 20%	11,790 20%	16,160 20%
Gross Operating Income	34,240 80%	45,320 80%	63,070 80%
<b>Deductions</b>			
Wages	14,800 34%	14,800 26%	15,900 20%
Operat. Expenses	8,100 19%	10,950 19%	15,050 19%
Maintenance	3,100 7%	4,030 7%	5,540 7%
Total Deductions	26,000	29,780	36,490
Gross Operating Profit I	8,240 20%	16,220 28%	26,580 34%
Management Fee	3,000	5,860	7,610
Gross Operating Profit II (=Net Profit before Interest, Depreciation and Taxes)	5,240 13%	10,360 18%	18,970 24%



CASH FLOW ANALYSIS (PROFIT AND LOSS ACCOUNT) 25 ROOM HOTEL (CIRCUIT) in U.S. Dollars

	First Year	Second Year	Third Year
Room Occupancy	35%	48%	65%
Bed Occupancy	30%	40%	55%
Bed-Nights	5,475	7,300	10,045
<b>Sales</b>			
Rooms	\$ 37,800 52%	\$ 50,100 52%	\$ 69,000 52%
Food	25,000 34%	33,400 34%	46,000 34%
Beverages	7,810 11%	10,400 11%	14,350 11%
Other	1,560 3%	2,080 3%	2,860 3%
Sales Total	72,100 100%	95,980 100%	132,210 100%
<b>Costs</b>			
Food	10,010	13,300	18,350
Beverages	3,910	5,220	7,180
Other	884	1,040	1,435
Total Costs	14,804 20%	19,560 20%	26,965 20%
Gross Operating Income →	57,296 80%	76,420 80%	105,245 80%
<b>Deductions</b>			
Wages	21,100 80%	21,100 80%	21,800 80%
Operat. Expenses	13,650 29%	18,200 22%	25,000 17%
Maintenance	5,040 19%	6,720 19%	9,220 19%
Total Deductions	39,790 7%	46,020 7%	56,020 7%
Gross Operating Profit I →	17,506 25%	30,400 32%	49,225 37%
Management Fee	5,340	4,970	11,500
Gross Operating Profit II → (=Net Profit before Interest, Depreciation and Taxes)	12,166 17%	25,430 23%	37,725 28%

CASH FLOW ANALYSIS (PROFIT AND LOSS ACCOUNT) 50 ROOM HOTEL (CIRCUIT) in U.S. Dollars

	First Year	Second Year	Third Year
Room Occupancy	35%	48%	65%
Bed Occupancy	30%	40%	55%
Bed-Nights	10,950	14,600	20,075
<b>Sales</b>			
Rooms	\$ 75,200 50%	\$ 101,000 50%	\$ 137,700 50%
Food	55,100 36%	73,500 36%	101,000 36%
Beverages	15,600 10%	20,850 10%	28,700 10%
Other	6,260 4%	8,340 4%	11,400 4%
Sales Total	152,160 100%	203,690 100%	278,800 100%
<b>Costs</b>			
Food	22,000	23,600	40,400
Beverages	7,810	10,400	14,300
Other	3,130	4,170	5,720
Total Costs	32,940 22%	38,170 19%	60,420 22%
Gross Operating Income →	119,220 78%	165,520 81%	218,380 78%
<b>Deductions</b>			
Wages	28,100 18%	28,100 15%	30,500 11%
Operat. Expenses	24,700 17%	33,000 17%	48,300 17%
Maintenance	5,820 4%	7,770 4%	10,700 4%
Total Deductions	58,620	68,879	89,500 4%
Gross Operating Profit I →	60,600 39%	96,650 47%	128,880 46%
Management Fee	13,400	19,650	26,800
Gross Operating Profit II → (=Net Profit before Interest, Depreciation and Taxes)	47,200 31%	77,000 37%	102,080 37%



## FINANCIAL ANALYSIS OF OUTSTATION HOTELS

Return on Investments in U.S. Dollars

22

Year	Accumulative Investments	Gross Operating Profit	Cash Flow	Accumulative
1972/73	\$ 250.000		\$ (250.000)	\$ (250.000)
1973/74	557.000		(557.000)	(807.000)
1974/75	198.000	\$ 36.300	(161.700)	(968.700)
1975/76	653.000	73.800	(579.200)	(1.547.900)
1976/77	1.265.000	126.800	(1.138.200)	(2.686.100)
1977/78	421.000	137.500	(283.500)	(2.969.600)
1978/79	421.000	308.000	(113.000)	(3.082.600)
1979/80	70.300	341.000	270.700	(2.811.100)
1980/81		570.000	570.000	(2.181.100)
1981/82		604.000	604.000	(1.577.100)
1982/83		638.000	638.000	(939.100)
1983/84		638.000	638.000	(301.100)
1984/85		638.000	638.000	337.900
	3.835.300	4.111.400		

Return on Investment c. 9%

## 4.2.6 Conclusions

The preceeding analysis of hotel operations has been confined to the proposed outstation hotels in order to show the difficulties involved in building hotels outside the Capital where only a rudimental infrastructure exists.

The cash flow analysis indicates that the return of investments will be in the order of 9%, and investment capital will be fully returned after 12 years of operation. Not included in the compilation are, however, depreciation, interest and taxes.

Basic to the proposal is that the hotels are constructed and operated by a hotel chain; thus the capital requirements in the different phases would not exceed U.S. \$2 millions as they would be financed through the returns of hotels already operating.

In result, the analysis, with all its uncertainties and assumptions, leads to the conclusion that Government must assist in the building up of the plants by providing the basic infrastructures required, in order to make possible an economical operation of hotels; assistance would also be needed in the management of the hotel chain proposed.

Before detailed recommendation can be set forth several basic decisions must be made; first is the question to which extent private capital can be attracted to implement the investment plan; secondly, it is essential that, especially in the initial phase, high-level managerial skill and knowhow is available.

The most crucial area in implementing the proposed targets is the planning stage. Without properly conceived plans and innovations aimed at minimizing the disadvantages which exist today in the hotel sector it will be difficult to attain the targets set.

To succeed, the following recommendations are made:

- a project planning and co-ordinating office should be set up (preferably in the Nepal Industrial Development Corporation). Its functions would be to establish and control regulations pertaining to the optimal planning and construction of hotels.
- the project office would prepare model hotel construction plans and techniques aimed at economizing the building and operation of hotels; it would seek the assistance of experts in hotel planning.



- it would effectively supervise and follow-up the construction of hotels through continual cost control.

These measures are primarily orientated on the development of outstation hotels, for these are considered cornerstones in the accomplishment of sustained economic benefits from tourism in Nepal. It is true that even an expressly careful expansion, as it is anticipated here, will demand a sharp concentration of all efforts.

It is thus urgent that the years ahead must see the creation of a basic infrastructural fabric upon which profitable hotels can be built. In the light of this only few and small size hotel units are anticipated in the first phase of development which is basically a testing period and which must be used for basic improvements in infrastructure and hotel supply.

#### 4.2.7 Investments in Proposed Hotels

The Investment Plan includes a total of 430 rooms in the first phase and 480 rooms in the second phase of the Programme. By 1980 a total of 910 rooms with 1,820 beds will be available.

The average investment for land acquisition, building and furnishing costs are estimated U.S. \$15,700 per room for five star hotels, \$14,700 a room for four star hotels, and \$12,250 a room for three star hotels and lodges.

Total investment is estimated \$6,088,000 in the first phase and \$6,840,000 in the second phase taking account of rising prices and other influences on building costs as amounting to 5% in the first phase and about 15% in the second phase. This brings the total up to \$12,928,000 which is regarded a minimum sum.

If reliance on importing building materials and equipment remains at 35%, approximately U.S. \$2,130,000 worth of foreign currency will be required in the first phase, and \$2,430,000 in the second phase.

#### INVESTMENTS IN PROPOSED HOTELS, in U.S. Dollars 1972-80

Location	First Phase 1972-75	Second Phase 1976-80
Kathmandu	\$ 5,060,000	\$ 3,100,000
Pokhara	321,000	1,625,000
Tansen	321,000	705,000
Limbini	193,000	705,000
Chitawan	193,000	705,000
Total	\$ 6,088,000	\$ 6,840,000

These are the capital requirements for the development of the accommodation plant. The 35% portion for import requirements is based on the present average of the hotel classes. The planning recommendations set forth elsewhere in this Section aim at lowering this portion by increased resort to local building materials and furniture. In the light of this it is urgently recommended to reconsider present intentions to upgrade the classification criteria for hotels by demanding air conditioning and other technical items for which there exists no practical need in Kathmandu.

#### 4.2.8 Planning Recommendations

##### ● Development of Resort Centres in Kathmandu

It is a matter of practical necessity today to set up a planned concept for the future spatial organization of hotel plants in the Capital, taking into consideration two basic aspects:

- future hotel plants should be concentrated in Resort Centres so that basic facilities and amenities can be utilized more effectively, especially with regard to recreational facilities, entertainment, adequate open space, as also transportation and shopping facilities, etc.
- co-ordination is needed with the aims and requirements of urban planning in Kathmandu, e.g. transport and circulation, water and power supply, sewerage, and urban redevelopment.

The present distribution of hotels is shown in the accompanying map which indicates the existing hotel plant and travel facilities. While most of the smaller units are sited within the core district, the bigger hotels such as Annapurna, Soaltee and Shanker in relative distance to the centre, with travel agents and air lines offices located in relation to the big hotels. A concentration of facilities is in evidence mainly around the Annapurna and the city centre (PLATE 24)

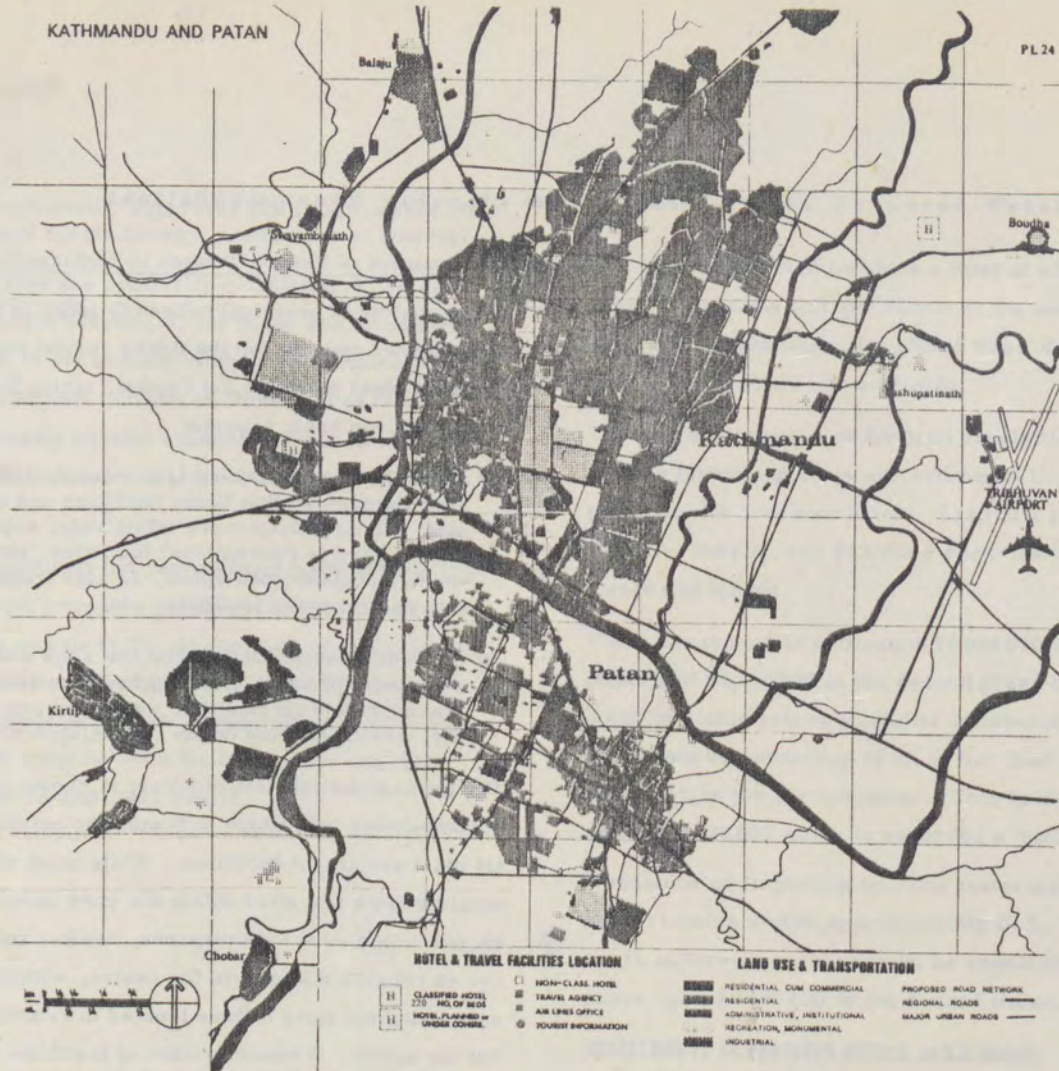
Future hotels in Kathmandu should have a minimum of 100 rooms which is considered an optimal economic size taking into consideration the internal economies, and also the volume of demand that will increasingly be in charter package tours.

It is anticipated that major additions to the existing plant in the forthcoming years will take place mainly in the extension of both the Soaltee and Annapurna hotels. At this time plans exist to build a number of smaller hotels in the vicinity of Hotel de l'Annapurna, the Soaltee, and the new unit in Patan. In addition, the Tara Gaon project, the first phase of which is nearing completion, will create yet another tourist plant.

It is the recommendation of the study team to concentrate future hotels in these areas through the creation of Resort Centres, namely the

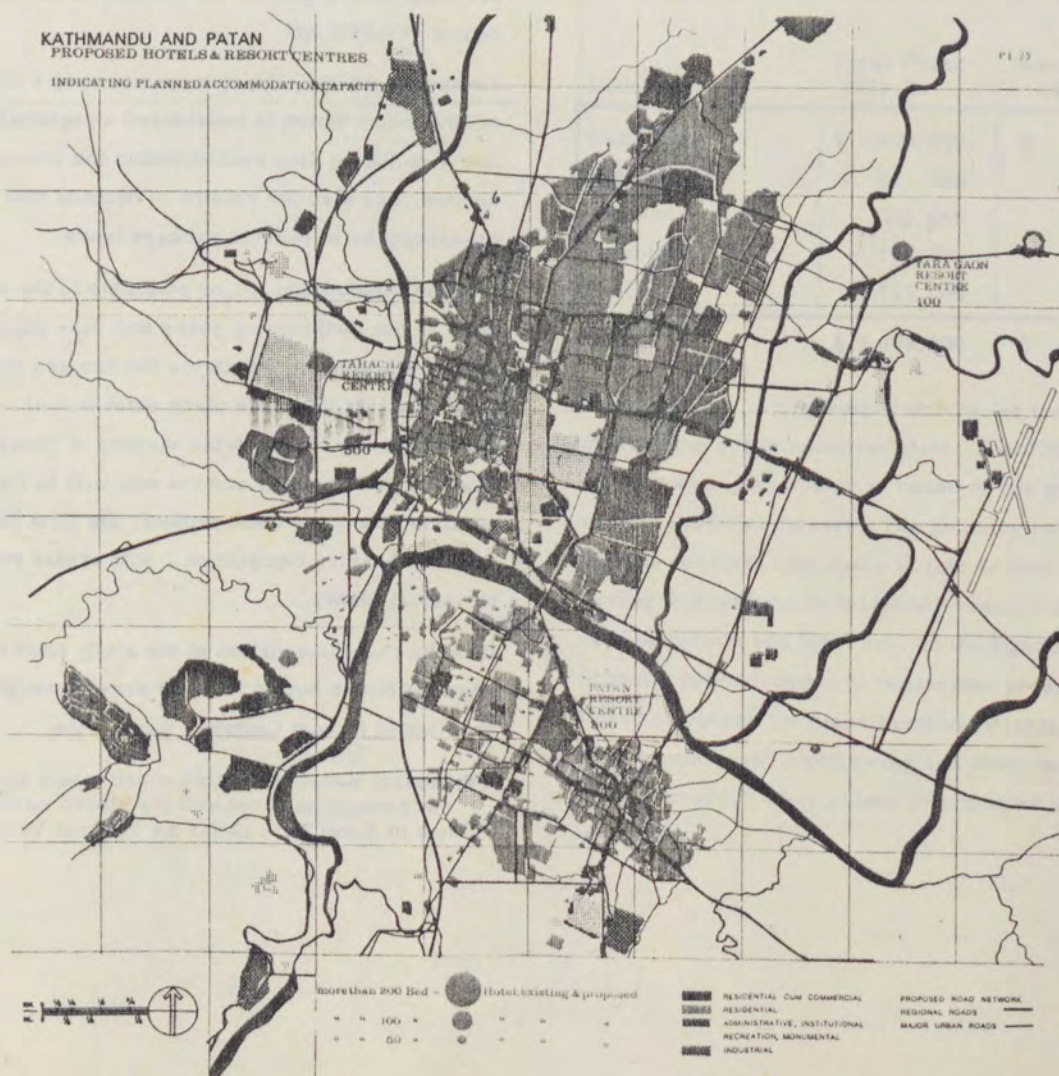
- Central <sup>Tourist</sup> ~~Resort~~ Complex which would include the Annapurna Hotel and the blocks on both sides of Kanti Path as far as Yak and Yeti.





KATHMANDU AND PATAN  
PROPOSED HOTELS & RESORT CENTRES  
INDICATING PLANNED ACCOMMODATION CAPACITY

PL 25



- Tahachal Resort Centre extending from the Soaltee Hotel eastward to include some redevelopment areas towards Vishnumati River
- Patan Resort Centre extending from the proposed new hotel to the Bagmati River
- Tara Gaon Resort Centre

Each of these Resort Centres would have its individual characteristics, facilities and attraction. The Central Resort Complex proposed would comprise mainly hotels in the four and three star categories; being a downtown resort area higher building densities are feasible, though buildings should not exceed four stories in height. It is possible to include some of the open lots in the future resort centre and to utilize open space for recreational facilities such as a small swimming pool and tennis courts.

The Tahachal Resort Centre would include mainly hotels in the five and four star category and should therefore have more open space requirements. Its expansion is proposed to include some of the land towards the river which needs redevelopment so as to make possible a better visual integration of the riverside opposite the old city.

Similarly the Patan Resort Centre could be used to create redevelopment impulses in the area towards Bagmati River.

New buildings should be conceived so as to feature indigenous architectural style and local materials; they should in size and layout be well integrated into the urban environment; they should be located so as to make possible a view of the Himalayas. It is recommended that the town planning authorities prepare detailed layout plans for the sites proposed and also influence the architectural styling of hotel buildings.

Travel facilities such as tour operating and air lines offices should be located in the Resort Centres. Possibilities for cultural and evening entertainment, shopping, restaurants and recreation should be provided for. The most ideal organizational solution would be to run all supplementary tourist facilities by an individual corporation, which would also provide for laundry, supply, repair and maintenance facilities centrally for all hotels.

Smaller hotels could be included in the resort centres.

PL 24/25

It is important however, to encourage the establishment of small units, restaurants, and bars in the historic core area in order to create renovation impulses there. Such facilities are well adapted to the scale of the old city and could help create new opportunities of economic land use and the possibility to preserve the townscape and urban structure.

#### Creation of a Resort Centre for Pokhara

It is suggested to set the lake area (Phewa Tal) aside for resort development and to direct urban expansion of Pokhara towards the south. Future hotels should be developed along the lake shores; the southern shore is especially attractive as it provides a good view of the Annapurna massif.

Basic infrastructural investments are necessary to open up the resort area and encourage private development. To succeed, the most important current task is to prepare a development plan for the area.

A schematic development plan for Pokhara Valley is shown below.

The facilities proposed include a 25 room lodge in the first phase which will probably be in the form of an addition to the Fish Tail Lodge. In the second phase 50 and 80 room hotels are suggested.

The design of the buildings should reflect local materials. Low rise buildings are recommended on the pattern of the existing lodge.

It is further recommended that facilities are created for the production and display of handicrafts and souvenir articles. Also, mountaineering equipment and provision of food for trekking parties should be available in the Resort Area.

Recreational facilities would include possibilities for boating, fishing and swimming. Sports facilities would include a small golf course and two tennis courts.

Excursion to scenic spots in the valley and its surroundings should be promoted. A special attraction would be horse riding to the northern hills. Pokhara's resources should thus be fully utilized and



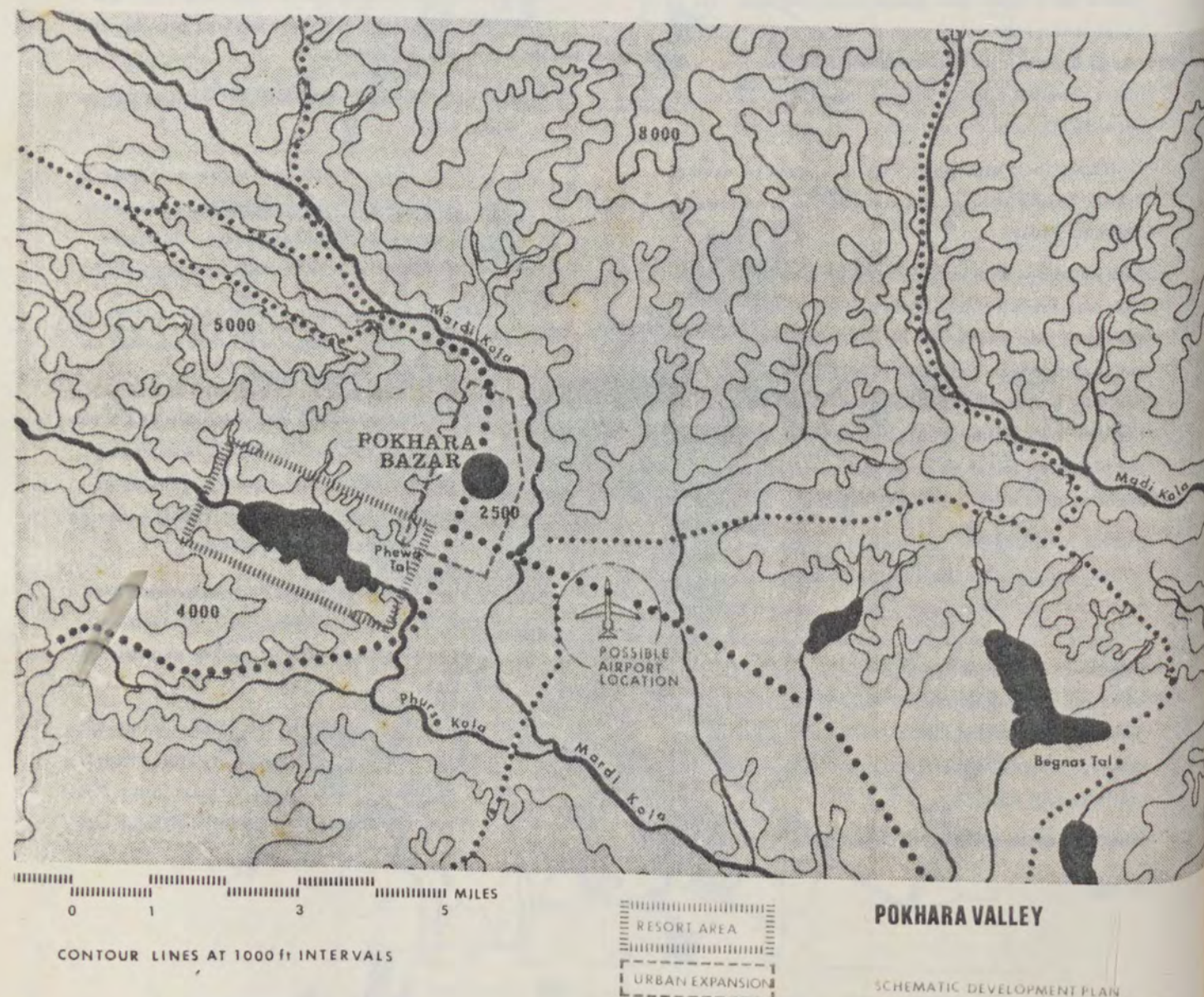


PLATE 26

opened up to attract visitors and to promote longer stays. The local supply should be distinctively different from that of Kathmandu, featuring a more rural setting of facilities, open air activities and amenities for nature lovers.

#### ● Tansen

A small resort centre is proposed for Tansen to cater for the tour operations and tourists from India. It is recommended to develop initially a tourist village in bungalow style comprising 25 rooms; during the second phase a 50 room touring hotel would be added.

The architectural design should reflect local design and materials for which Tansen provides good examples in brick and wood constructions. A possible location for the plant would be the large green area outside the town. The hotel should be moderate in height (3 to 4 stories). Open space should be adequately developed and maintained. A number of local handicraft shops would be included in the resort.

#### ● Lumbini

Facilities proposed at Lumbini would be included in the development project in the course of preparation. Lumbini would have a 15 room lodge in the first and a 50 room hotel in the second phase. A bungalow type tourist village is suggested here in proximity to the National Monuments District to be created. Detailed planning of the tourist village would be closely co-ordinated in the present Lumbini development project through which most of the infrastructural fabric needed for the plant's operation will be provided.

#### ● Chitawan

The 15 room lodge proposed in the first phase would be most likely constructed as an addition to Tiger Tops Hotel.

In the second phase a 50 room lodge is proposed. Its location would be preferably in the extended eastern Park which is suggested here. The proper location would be in relation to the east-west highway and the Hitauna-Birgunj highway.

Accessibility to the site would be provided for in the extended National Park project.

PLATE 26

The construction of the larger lodge should reflect the unique environment. It should be built on stilts and on the pattern of Tiger Tops.

#### ● Countryside Resort Areas

The proposed Regional Pattern of Tourism Activities above has identified a number of potential resort locations which should develop into vacation destinations for both Indian and domestic tourism, as also for special segments of the international travel.

Areas include Gorkha, Trisuli Bazar, Ilam, Bhim-pedi, Dhankuta, and Ramchhap in the first phase, and Dailekh and Rara Lake in the second phase of the present Programme.

In Gorkha and Trisuli basic facilities such as tea houses and simple lodgings are anticipated mainly for motoring travellers. With the construction of the road link to Syabru, Trisuli will be an important stop-over for both mountain travellers and sightseers. Gorkha has the potentials to grow into a major touristic site between Kathmandu and Pokhara, and local initiative should be encouraged to create catering facilities; Gorkha could then be included in the tour itinerary proposed.

Ilam already has the nucleus of tourist facilities including two hotels and a guest house, and road link will be provided to connect the town with the east-west highway. Both the hotels and the guest house require extensive refurnishments and upgrading before these can attract visitors. Local initiative is in evidence in Ilam and far reaching plans exist to expand the tourism activities. It is suggested here that future accommodation facilities should be tailored mainly to vacation tourism from India.

In order to promote this demand it is necessary that a market survey is undertaken to determine the potential demand. But this is a long term goal for most of the infrastructural and transportation facilities are yet to be created. It is the recommendation of the study team that the above areas be selected for preliminary surveys by the tourism authorities in order to determine detailed action. The areas men-



tioned above will be accessible by roads in the future and have climatic and locational advantages suitable for vacation destinations. It is however necessary that tourism development is co-ordinated with regional economic planning in order to create the supporting supply sector and parallel facilities.

The second step would be to create model resort villages on a small scale provided with simple lodging facilities, tea houses etc. Following this the tourism authorities would engage in sales advertisement activities.

#### ● Mountain Lodges

With the rise of trekking tourism catering facilities will be required in the Himalayas, including both indoor and outdoor facilities.

As outlined in Section I, it is recommended that the present plans to develop National Parks should be extended to include the Annapurna and Dhaulagiri and the Khumbu areas in addition to Langtang for which a project plan has already been set up.

These areas represent the most important destinations for the volume of trekking parties today because of their relative accessibility and attractiveness. All development efforts should thus be concentrated on building up a basic infrastructure for increased trekking activities in the mountains.

Following the detailed recommendations set forth in Section 3.3.2 it is proposed to construct mountain lodges in following areas during the first phase.

- Jomosom/Marpha-Annapurna & Dhaulagiri National Park
- Langtang Village - Langtang N.P.
- Thyangboche - Khumbu N.P.

A lodge would consist of a cottage as illustrated in the accompanying exhibit. The basic unit would be a 48 sq. m. lodge with two story bunks to accommodate up to 25 trekkers. It would have a fireplace and a porch and would be constructed of local stone and wood.

A network of lodges would gradually be developed along the main routes making superfluous the carrying of tents and other equipment.

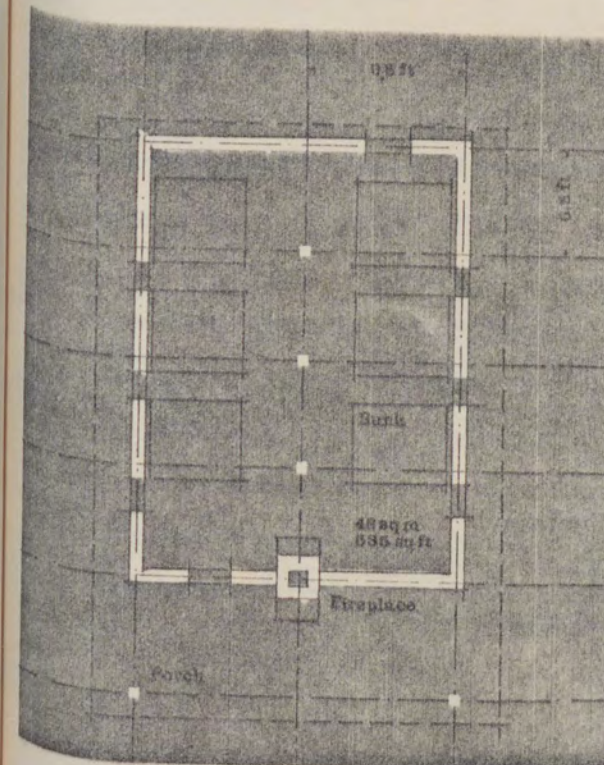
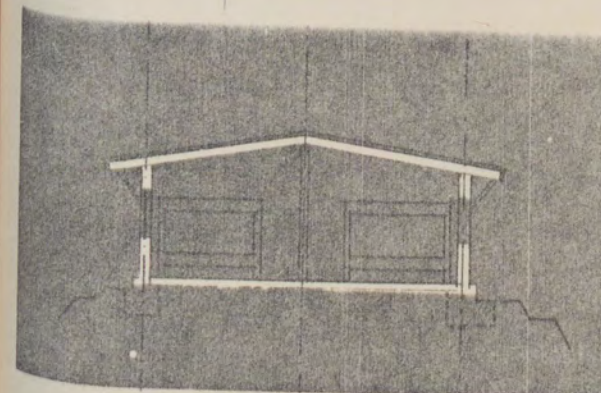
Higher comfort lodges should be constructed in the future at route terminals at the above locations. These terminal lodges would provide a number of double rooms, and should be equipped with bathrooms, as they would also serve sightseeing tourists travelling with minimum equipment.

The most important need is for improved local food supply along the main routes and at terminal points keeping in mind that the most important demand in trekking are organized trekking parties.

Mountain lodges would be operated by local people after receiving a basic training. It is essential that through trekking an optimal economic impulse is created in the regions. In the initial phase Government assistance would be needed mainly in providing financial incentives and expert knowledge in the construction and operation of lodges, in agricultural production, as also in National Park management. Here it is hoped that international financial and technical aid is provided.

In addition, adequately developed and maintained camping grounds are needed along the routes to accommodate more and larger trekking parties. Here reference should be made to the location maps in Section I which present proposals on trekking facilities.

PLATE 27



#### MOUNTAIN LODGE

The most urgent need along the important trekking routes in the Himalayas is for improved catering facilities which will provide minimum comfort particularly to group trekkers. Thus the load of equipment needed for outdoor camping can be reduced and local economic impulses created through employment and supply provision. A network of mountain lodges would also help increase the load capacity of the trekking routes.

A minimum standard lodge is shown in this exhibit; it would cater for between 15 and 25 persons which accords with the average number of trekking parties. It is designed as a base unit to be established within a network of lodges at a day's travel distance. At terminal points larger units would be built or by adding several base units though with higher comfort standards e.g., room partitions, proper beds, showers etc.

CROSS SECTION

GROUND FLOOR SECTION

INDOOR AREA 535 sq. ft (48 sq. m.)

CONSTRUCTION MATERIAL

LOCAL WOOD AND CUT STONE

CONSTRUCTION COST

20,000 TO 25,000 Rs

SCALE 1cm to 1 meter



#### 4.2.9 Projected Demand Requirements

The time needed to expand the hotel plant will be like in most developing countries, one year to plan, to prepare and to get permits, while the actual building of the hotel will take an estimated two or three years.

An exception to this three-year planning and building period is the 150 room hotel in Kathmandu for which the planning phase can already be considered complete. If, despite this, the time schedule allows the building to begin in 1972 this is because experience has shown that the financial problem also can be long protracted.

The assumption that a certain time is required for building a new hotel is very important for it is incumbent on the sales promotion efforts to obtain the necessary visitors at the correct moment.

The facilities proposed during the plan period will require a total of 245,716 bed-nights through 1980 in the two to five star category units, based on the foregoing calculations of the average occupancy rates per room, 35% in the first year of operation, 48% in the second, and 65% in the third and subsequent years. These rates are also applied for the

24

1975-80

MINIMUM BED-NIGHTS REQUIRED in Proposed 2-5 Star Accommodation Facilities

Location	1975	1976	1977	1978	1979	1980
KATHMANDU	32 850	87 400	118 730	140 530	162 330	169 780
POKHARA	5 475	7 300	10 045	10 045	20 995	24 645
TANSEN	5 475	7 300	10 045	10 045	20 995	24 645
LUMBINI		3 285	4 380	6 023	6 023	6 023
CHITAWAN	3 285	4 380	6 023	6 023	16 973	20 623
TOTAL	47 085	109 665	149 223	172 666	227 316	245 716



proposed units in Kathmandu. Since they are low rates slightly above the break-even point required, the resultant bed-nights are minimum requirements.

The minimum additional demand required from 1975 through 1980 so calculated is indicated in the preceding table.

It is the basic assumption of the envisaged Plan that, for the volume of international tourists, facilities created outside the Capital are in the first place to increase the average length of stay of the tourists. Thus the potential tourist flow induced by the new facilities is solely through the additions of the plant in Kathmandu, while all outstation facilities would be in support of this plant. It is further assumed that the average length of stay of visitors in Kathmandu remains 3 days or 2 bed-nights, whereas the average stay in the outstation hotels would be 1 day, with the exception of Pokhara where an average two days stay is anticipated.

An estimate of the additional number of tourist arrivals through 1980 must therefore be based on the minimum bed-night requirements for Kathmandu indicated on the foregoing table, thus based on two bed-nights, the number of additional arrivals would be as follows:

Year	1975	1976	1977	1978	1979	1980
<b>REQUIRED ADDITIONAL TOURISTS</b>	16 425	43 700	59 356	70 265	81 165	84 890

Accumulated and additional tourist arrivals needed to support the entire one to five star hotel plant in Kathmandu will be as follows (figures are rounded):

Year	1975	1976	1977	1978	1979	1980
<b>TOTAL TOURIST ARRIVALS</b>	70 000	98 000	113 000	142 000	164 000	172 000

These figures are considerably below the N.I.D.C. projection which forecasts a total number of 112 400 tourists in 1975, in three to five star hotels. But since these projections are based on demand extrapolation assuming that the present annual rate of increase of over 35% will continue, they cannot be compared. As mentioned above, the expansion of the accommodation plant

takes time and an especially bad patch has to be overcome in the immediate future because no major additions took place since 1970 and cannot be expected before 1974.

It is thus not before 1974/75 that a significant rise in the tourist flow will occur, the years ahead will therefore see a marginal utilization of the existing accommodation capacity. And it is unnecessary to say that plans must be set afoot immediately to meet the targets set and to attain an appreciable flow of visitors in the future.

The visitor flow to Nepal is however not confined to those tourists staying in classified hotels. Although they represent the most important demand not only in volume but also with regard to economic returns, the special segments of economy travellers, mainly composed of young people, and trekking tourists, both of which are expected to increase in future, must be accommodated. These are not definable in quantity, but experience shows that they largely follow the rise of the main volume of international travel.

On the supply side it is expected that a number of existing non-classified hotels are refurbished and upgraded, while in addition new units will be added throughout the country.

It is therefore anticipated that the future visitors total will also include a stimulated demand which is expected to flow into the - increased - capacities of non-classified units, and that the pace and pattern of accommodation additions in the lower class hotels will be set by the higher standard hotels. For planning purposes it is assumed that this additional demand will be in the order of 10-15% of the visitors total in the classified hotels.

The average length of stay which is assumed 3 days in Kathmandu throughout the plan period will, with the opening up of the proposed tour circuits gradually increase. It is envisaged that this increase will take place in steps depending on how quick the market will react to the new supply, which is basically a matter of promotional efforts as will be discussed below. At any rate the goal of keeping the



tourists an average 5.3 days in the country is a minimum goal for 1980 taking into account that variations of tour itineraries are made and simultaneously, transport facilities expanded.

Through this a goal of one million visitor days is within reach for 1980. Projections on visitor arrivals and visitor days are summarized in the table below, and are shown in the accompanying diagrams.

These show a relatively slow rise in the first phase with a sharp rise during 1975-78 resulting from the increased accommodation capacity which will then be available.

The rate of annual increase of visitor arrivals will level out during 1979/80 whereas the visitor days will still rise. On the assumption that the new facilities built during the end of the second phase will be available in 1981 another high increase will occur then and in the following year.

To achieve the visitor flow required for the economical utilization of the expanded accommodation plant increased sales promotion and marketing efforts are necessary especially during 1973/74 and in 1976/77 for these are the most crucial periods.

It should be pointed out again that these projections indeed represent minimum targets which must be attained in order for the proposed hotel capacities to reach at least the break-even-point of 48%. Of course the capacity increase must and will reach visitor flows that are beyond these projection, however, it is also felt that a plan guiding public investments should be on the safe side.

PROJECTED TOTAL NUMBER OF VISITORS & DAYS

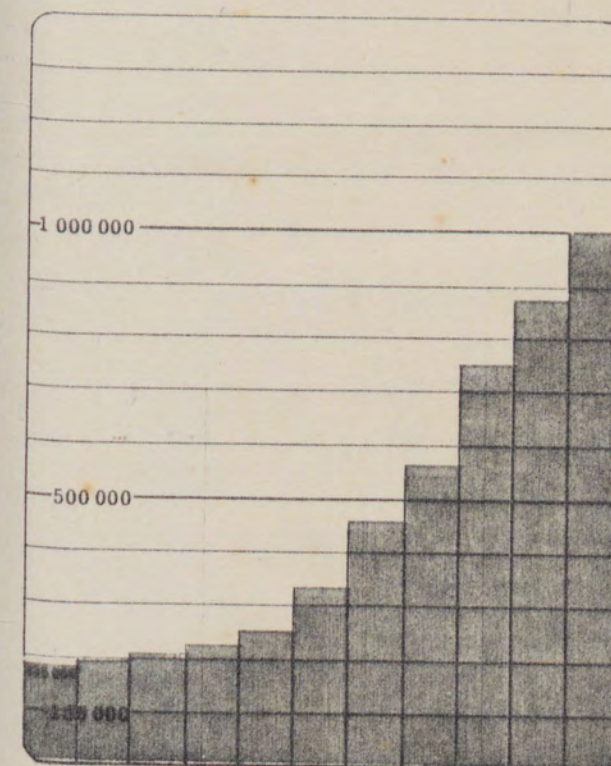
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Number of Visitor Arrivals	46 000	49 000	52 000	55 000	64 000	77 000	108 000	124 000	156 000	178 000	189 000
Average Visitor Days	4.0	4.0	4.0	4.0	4.1	4.2	4.3	4.5	4.8	5.0	5.3
Total Visitor Days	185 000	196 000	208 000	222 000	262 000	323 000	465 000	558 000	750 000	890 000	1 000 000

45,970 49,914 52,920 67,938

PLATE 28

PROJECTED VISITOR DAYS

1972-80



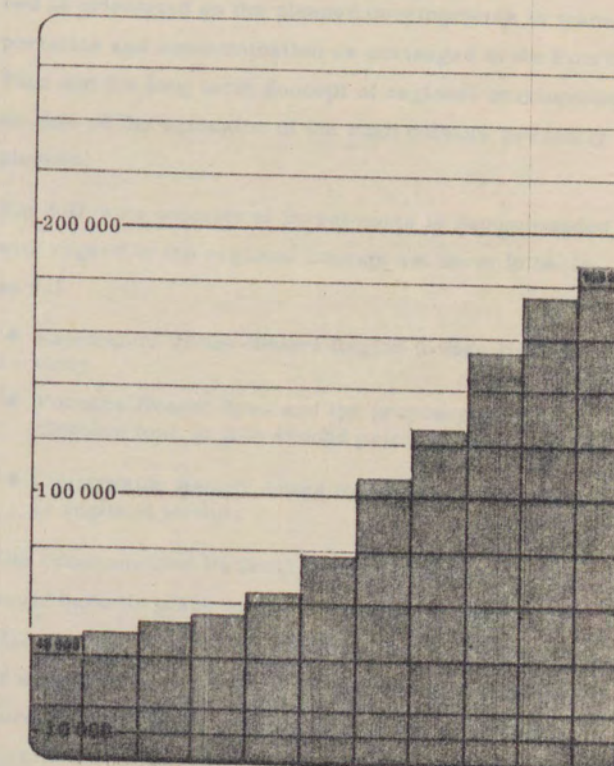
1970

1975

1980

PROJECTED VISITOR ARRIVALS

1972-80



1970

1975

1980



### 4.3 PUBLIC WORKS PROGRAMME

Concentrated efforts in infrastructural development are required to support the aims of the Development Programme. Public investments are needed mainly in the three areas:

- basic infrastructural items in the transportation and communication sectors
- infrastructural provisions required for resort development, e.g. roads, utilities and public services
- improvements of the touristic infrastructure e.g. public funds necessary for preservation of cultural and natural tourist resources.

As mentioned above basic infrastructural facilities in support of tourism are only justified if and when these are of benefit to other sectors of the regional economies. Basically the Public Works Programme proposed is orientated on the planned developments in transportation and communication as envisaged in the Fourth Plan and the long term concept of regional development, as also on the extension of the road network presently planned.

The following priority of investments is recommended with regard to the regional concept set forth in Section 4.1

- Kathmandu Valley Resort Region to take first priority
- Pokhara Resort Area and the proposed western circular tour to take second priority.
- Countryside Resort Areas to take third priority in regional terms.

The recommended National Parks Development Plan would have its place in public funding throughout the plan period. Pilgrimage Centres, the importance of which has been stressed by Cabinet would be incorporated in the funding of the first phase of development.

Detailed cost estimates and the proposed phasing of the Public Works Programme are summarized in the Public Expenditure Programme at the conclusion of the report.



### 4.3.1 Kathmandu Valley Resort Region

#### (a) Resort Centres (vide PLATE 25)

Government assistance is needed for the orderly planning of future Resort Centres in the Capital, e.g. in the provision and extension of the municipal infrastructure, such as roads, water and power supply and sewerage, and in the integration of requirements of the tourist plants in the overall urban development and transportation planning.

The following detailed recommendations are made based on the proposed development of resort centres in Kathmandu as presented in the previous Section.

##### Central Resort Complex

Government should assist the nagar panchayat in the development of the proposed resort centre, following a detailed site development plan to be prepared by the town planning authorities in co-operation with the hotel sector. Public funds should be provided for land acquisition in order to make possible the planned expansion, including the provision and extension of access roads, water supply and sewerage.

Detailed site planning should begin this year, and site engineering should be completed by 1977.

##### Taragaon Resort Centre

Extension of public utilities, including improvements to the main approach road to Bodnath are envisaged in the first phase. The developer should be assisted in the landscaping of the surrounding area. Site engineering works are to be completed by 1975.

##### Tahachal Resort Centre

Initial layout planning for the proposed site should begin during the middle of the first phase, extension of public utilities should be planned and the basic road network improved. Redevelopment and site engineering to start in the second phase, including acquisition and landscaping.

##### Patan Resort Centre

Initial layout planning and land acquisition to begin in the first phase; improvements to the existing road net-

work and utilities, and landscaping.

#### (b) Tourist Attractions Development

Improvements to the main tourist attractions, and basic preservation and restoration activities are required throughout the plan period. It is hoped that international financial and technical assistance will make possible the implementation of the preservation programme that is presently being prepared by the Department of Housing & Physical Planning. We assume therefore that the financing of the basic long-term preservation programme will be through UNESCO and other international and bilateral aid.

The present Tourist Attraction Development Programme is focused primarily on improvements and creation of basic facilities at major touristic sites both present and potential. The projects should be implemented by close co-ordination between the competent nagar panchayats, the Department of Housing & Physical Planning, and the tourism authorities. In addition to this it is recommended that the town planning agency should receive full support to implement the objectives of the Kathmandu Valley Development Plan, especially with regard to building codes, land use regulations and ordinances relating to Special Zones.

It is the recommendation of the study team to consider a budget allocation of Rs 15 millions for developments in Kathmandu, Patan and Bhadgaon Historic Core Areas during the first phase and the same amount during the second phase. In addition improvements are needed at Swayambunath, Pashupatinath and Bodnath during the first phase which would involve an estimated total of Rs 700,000, and expenditures for minor maintenance during the second phase. Funding should be considered for basic preservation of major touristic sites in the Valley in the first phase and extended in the second, in order to preserve the historic and scenic attractions of the Valley and to gradually open them up to tourism.

Following is a detailed description of the action proposed:



### Historic Core Areas in Kathmandu, Patan and Bhadgaon

The present "beautification campaign" designed by the Department of Tourism should be continued and funds should be increased to provide for the most urgent preservation and restoration as well as physical improvements in the core areas of the three cities, including:

- pavement of main streets and squares
- control of vehicular traffic in Historic Districts, provision of adequate parking spaces, creation of pedestrian zones
- proper maintenance and landscaping of green and open areas
- provision of public conveniences and promotion of other amenities for tourists such as benches, cafés etc.
- improved street lighting and monuments illumination
- provision of streets and monuments markers including inscriptions pertaining to the name, age and function of the monuments

The beautification campaign should increasingly be focused on activating private initiative in preservation and restoration. Incentives should be created by financial help to projects of public interest.

#### Swayambunath Temple Group

Renovation of the surrounding structures should be initiated and funded, public conveniences should be provided, and funds should be made available for continuous maintenance of the main structures.

#### Pashupatinath Temple Group

The access road to the site should be improved and parking facilities provided outside the temple area; public conveniences should be constructed in appropriate locations.

#### Bodnath

The access road should be improved and hard-topped; it is recommended that vehicular access to the site is prohibited and parking facilities provided at the approach road. A café should be promoted which would

also provide for convenience facilities.

#### Other Sites

Preparatory surveys should get underway at scenic sites and attractions in the Valley that may attract tourists, including

- |                    |               |
|--------------------|---------------|
| ○ Bouddhanilkantha | ○ Chapagaon   |
| ○ Sankhu           | ○ Bungamati   |
| ○ Gokarna          | ○ Dakshinkali |
| ○ Changu Narayan   | ○ Chovar      |
| ○ Thimi            | ○ Kirtipur    |
| ○ Godavari         | ○ Thankot     |
| ○ Harisidhi        |               |

Projects in the first phase would include basic preservation and restoration, provision of improved accessibility and public utilities. During the second phase tourist facilities should be promoted and constructed, including tea houses, conveniences, as well as increased preservation activities. Most of these sites provide excellent opportunities for week-end excursions, and special care should be given to preserving the unique setting of these sites and villages.

#### (c) Development of Hill Stations and Observation Points

An important facet of the scenic attractions of the Valley is the Himalaya view from the surrounding hills. In order to open up this attraction for tourism it is proposed to provide better means of access to these points as well as to create suitable facilities for excursionists. As mentioned in the analysis the aim is not to create accommodation facilities since observation points are basically excursion locations but not places to stay. The existing lodges at Nagarkot and Kakani should be refurbished provided that a hotel is prepared to operate them.

Nagarkot lying north-east of Bhadgaon is accessible by a dirt road in bad condition. The top of the hill is the site of a tourist lodge which is not in use now. It lies at only 6,500 ft. but provides a good view of the Himalaya Range as far as Mt. Everest in the east and Annapurna in the west. Improvements to the approach road are planned. It is recommended that the existing lodge be refurbished and operated by a city hotel and a tea house constructed.





ted nearby so that visitors can refresh themselves.

Dhulikhel lies about 1.5 hours east of Kathmandu and offers travellers on the highway to Kodari a fine view of the distant snow peaks. A simple tea house and stop-over facilities are proposed in a suitable location.

Pulchoki (9,050 ft.) is especially suited as an observation point since it not only overlooks the Valley but also the distant Terai Plains and provides a full view of the Himalaya Range. Improvement of the access road is being planned in conjunction with the installation of telecommunication facilities on the hill top. A small tea house should meet the requirements of excursionists.

Shiopuri (8,943 ft.) is the second highest peak on the fringes of the Valley. Lying further north than the other peaks the Himalaya Range comes into close view from the mountain top. A far-reaching project is being proposed by private interest to open up Mt. Shiopuri to tourists; it includes the construction of a lift, and the development of recreational facilities. The aim is to create a hill station through which the northern hinterland is eventually opened up. Though the project is not designed as a place of stay for a large number of tourists it would provide an excellent point of excursion.

Kakani lying en route to Trisuli should be provided with basic amenities, and the existing lodge should be renovated if demand so requires.

#### (i) Vocational Training Centre

The Centre will require public funding for initial site development, land acquisition, building and furnishing. The UNDP project plan envisages a total of U. S. \$342 000 for land, building and furnishing. In view of the reduced capacity which is envisaged in the Plan, a total budget of Rs 3 millions is estimated for the first phase. (See Section 4.4.4.)

#### Pokhara Resort Region

##### Resort Development

It is recommended that the lake area (Phewa Tal)

should be set aside for resort development in future. A development plan should be prepared for the entire area to include urban expansion of Pokhara Bazar. The plan should consider an initial area of 20 hectares along the northern, eastern and southern shores of the lake.

The first stage of development should include an estimated public expenditure of Rs 3 millions for site development, land acquisition, provision and extension of power and water supply lines, construction of approach roads, as well as landscaping.

Reafforestation is recommended at the upper Phurse Khola to avoid further siltation of the lake.

Public funds should be considered for the development of recreational amenities such as golf courses and tennis courts.

For the second stage of resort development expenditures totalling Rs 2 millions are estimated to include extension of the site, public utilities, and roads, as well as land acquisition and landscaping.

The power and water supply requirements of the resort area must be given early consideration in the future planning of municipal services.

Government should assist in developing recreational sites in Pokhara Valley and its surroundings, e.g. the construction of lodges, improvement of main trails and creation of camp-sites in selected areas as proposed in the location map in Section 1. During the second phase, trail-side facilities would be extended and improved, as well as route markers set up.

It is further proposed that the establishment of mountaineering supply facilities should be funded by Government.

#### Transportation & Communications

Present information suggests that the construction costs for Pokhara Airport will greatly increase, thus an additional expenditure allocation of Rs 20 millions will have to be set aside.

A local telephone exchange network is envisaged in the Fourth Plan; an extension of the network by 50



lines should be considered during 1976-1980. It is also proposed to consider public funding for a teleprinter in Pokhara to be established in the second phase, in case commercial operation is not feasible; the installation is however crucial to tour operations and advance booking.

### 4.3.3 Pilgrimage Centres

To give effect to the proposed improvements of major pilgrimage centres in Nepal an estimated budget allocation of Rs 4.1 millions is estimated through 1975, and Rs 2.9 millions during the second phase.

#### Lumbini National Monument

Public investment would include basic infrastructural developments at Lumbini as envisaged in the Lumbini Development Project, e.g. construction of a road link to Bhairawa, provision of water and power in the area.

Funds are required for the development of the proposed tourist resort at Lumbini, for which a total of Rs 400 000 is estimated during the first phase and an additional Rs 500 000 during the second period to accommodate the preliminary survey of the site, provision of water and power supply, site engineering, construction of an access road, and landscaping.

Funds should also be considered for increased archaeological excavations and surveys.

#### Muktinath, Janakpur, and Bharachhetra National Shrines

Basic improvements to the sites and structures are recommended including preservation and restoration measures, provision and maintenance of pilgrims quarters, and landscaping.

### 4.3.4 Countryside Resort Areas

#### Tansen

Public works for the resort development at Tansen would include the provision of public utilities, e.g. the extension of water and power supply which is presently planned, as well as the construction of an approach road to the site selected. To accommodate infrastruc-

tural items an estimated Rs 500 000 is required in the second phase. The improvement of telecommunication facilities should be considered in the 1976-1980 plan period.

#### Chitawan

It is assumed that expenditures will be needed to extend the existing safari lodge by providing assistance in the construction and extension of water and power supply.

An approach road and utilities will be required for the proposed lodge in the eastern Park during the second phase. Expenditures would include initial surveys of the area to select appropriate locations, as well as the provision of utilities.

Costs are estimated Rs 200 000 in the first phase and Rs 350 000 in the second period.

#### Gorkha

Initial preservation of historic structures is recommended at Gorkha. During the first phase the access road should be improved to open up Gorkha for tourists. In the second phase tour base facilities are recommended including medium comfort lodges and tea houses.

#### Trisuli

Road-side facilities should be promoted or constructed, including simple lodges, tea houses and food supply facilities for trekkers.

#### Ilam

Public funds should be considered to assist in the improvement and upgrading of catering facilities at Ilam, to provide for access road improvements, and for recreational facilities. A medium comfort lodge should be constructed in the second phase, and the existing guest house refurbished.

#### Other Areas

It is proposed to survey the possibilities for resort development at Bhimpedi, Dhankuta, and Ramechhap to include economic surveys and infrastructural requirements. Following marketing research proposed elsewhere in this Section, it is recommended to

develop model resort villages provided with simple lodges and tea houses in the second phase. Dailekh and Rara lake should then be included in the programme.

### 4.3.5 National Parks Development

Detailed project proposals on the development of National Parks at Annapurna/Dhaulagiri and Khumbu, as well as the planned Parks at Chitawan and Langtang are set forth in the Public Expenditure Programme. It is estimated that the entire development programme of National Parks would involve a total HMG contribution of Rs 13.3 millions in the first phase and 39.77 millions in the second phase, assuming that the projects will be made possible by international financial assistance.

Public funds are required for the construction of mountain lodges and campsites, for the promotion of agricultural production, improvements in telecommunication, ecological surveys, preservation and Park management.

Major infrastructural items including the construction of local roads in the Helambu area, survey and construction of a road link Trisuli-Syabru, and feasibility study and preliminary cost estimates on a road connection to the Khumbu area are recommended.

The expenditure estimates set forth in the Programme below are mainly to serve as a basis for decisions on National Parks development as also to attract international aid needed for the implementation of the development of National Parks.

### Transportation & Communication

The proposed regional pattern of tourism activities, as presented in the foregoing, is based on the planned concept of regional development that has been drawn up in the Fourth Plan. This means that tourism like any other sector of the regional economies follows the planned expansion of transportation, infrastructure, and service facilities along the north-south growth axes and the planned growth centres which have been shown in Section 1. Both the road connections to Syabru and Khumbu mentio-

ned above are already included in the road feasibility study project currently being prepared. It is the recommendation of the study team that their importance for tourism be considered in deciding on priority routes.

Extension of communication facilities is envisaged in the Fourth Plan and will be continued in the subsequent plan period. Special needs for tourism include the improvement of HF radio links in the National Parks, the extension of telephone services in Pokhara and Tansen, as well as a subsidized TELEX connection at Pokhara.

As regards civil aviation it is proposed that R.N.A.C. should, with the opening of the suggested tours, operate special air tours in close coordination with the travel agencies. It is thought appropriate to use the existing DC 3 and Fokker Friendship aircrafts since these will eventually be replaced on the international routes by jet aircrafts.

The planned extension of the domestic flights, particularly the introduction of scheduled STOL operations to the interior of the country will also meet the requirements of tourists. Chartered flights with small aircrafts should however increasingly be promoted to the mountain areas.

There exists now a definite need for suitable emergency and rescue air service in the mountains for both expeditions and increasing trekking tourism. It is clear that Nepal alone cannot establish this, and help is needed from countries and organizations with a traditional interest in Himalaya mountaineering.

It is important that the planned improvements to Pokhara airport are carried out according to schedule although various technical problems and cost increases have now become evident. As a long range goal Pokhara should be provided with a fully developed feeder line airport e.g. 7,500 ft. runway and night-flight installations which is requisite to its future function as a secondary destination for tourism to Nepal.



The proposed development of an international airport in the Simra area is an important means to accommodate the anticipated rise in air transportation, as also to provide for a more independent air link to Nepal by inducing international trunk lines to include Nepal into their air operations. The effect on tourism is manifold; both scheduled and charter operations would be less impeded by wheather conditions, and large-scale charter operations could be introduced; environmental pollution and disturbances in Kathmandu Valley would be avoided; in addition a decentralized pattern of tourism activities in Nepal would be attainable.

The project would also resolve some of the questions presently in discussion regarding the future engagement of R.N.A.C. in international air traffic. If a number of international carriers service Nepal it might be more appropriate for Royal Nepal Airlines to concentrate fully on developing and operating the domestic air routes and not enter into the strongly competitive international business, with the exception of a few key routes like New Delhi-Kathmandu and Bangkok-Kathmandu which provide direct access to the major "turn-tables" of travel and tourism in Asia.

#### 4.4 THE ROLE OF GOVERNMENT

The preceeding analysis has revealed that close dependences exist between the tourism industry and the administration. A solution of the development problems of the tourism sector is therefore not possible without close co-ordination and co-operation between the administrative authorities concerned. This is true both for the level on which the fundamental issues of tourism policy are discussed and decided as also for the intermediate and lower level of administration where the responsibility for the implementation of schemes and individual measures mostly lies.

Many of the authorities in Nepal which are connected with tourism show a relatively keen appreciation of the importance of travel, an astonishingly positive state of affairs considering that the development process in this country did not begin until very late (mid 50s). All the same the requisite co-ordination, experience and the organizational know-how to be able to plan effectively, co-ordinate and systematically put into effect, is absent particularly at executive level. These however are precisely the necessary prerequisites for a successful strategy of touristic development, particularly for the implementation of the Tourism Development Plan. In practice a mechanism is needed which to a certain extent automatically provides for permanent harmony amongst all participants as soon as an institution is created which is in a position to accurately prepare detailed immediate, middle and long term programmes and their appropriate budgets and to effectively see to their continuous implementation and complementary supervision.

At the moment the administration connected with tourism is more or less devoid of links with one another. This is scarcely altered even by the existence of the Nepal Tourism Development Committee since the latter merely helps co-ordination at the highest level and lacks direct contact with the subordinate executive department.

For a successful development of tourism in Nepal or-



ganizational changes in the public sphere are a necessary prerequisite of great urgency. This reorganizational measure will essentially have two aims:

- the creation of a central state tourism institution in which all competences must be concentrated whose tasks are predominantly associated with tourism
- the establishment of a co-ordinating agency whose task it would be to establish contacts between the central tourist authority and all the administrative departments which have partial responsibilities in tourism

For the central tourism authority two fundamental questions must be settled:

- what institutional form must be given to the central authority for tourism in order to secure for it on all sides the greatest possible powers of enforcement
- which are the areas referred to above as competences with functions predominantly connected with tourism which are to have their place in the new institution.

#### 4.4.1 INSTITUTIONAL FORM

In the practise of other tourism countries two distinctly different institutional forms of organizations for tourism have emerged: some countries have preferred to locate planning and executional functions in tourism at the highest level of public administration while others have chosen a location outside the administrative apparatus. The two types are

- (a) a **central agency for tourism** located directly under the chief executive, and responsible for planning and execution
- (b) a **tourism development corporation** which is usually controlled by the government through advisory boards but largely independent from the administrative apparatus

Among the many factors influential in deciding upon one or the other form, three factors have been formative in general: first, the general institutional setting, whether mixed or socialized economies, and the role Government is to play in tourism development; secondly, the status of development in the tourist sector; and thirdly, the economic objectives which are to be achieved through the development. The preceeding discussion indicates that in Nepal

- Government must take a key role in tourism development through a stronger participation in the

tourism industry particularly in areas where private interest cannot be initiated.

- Considerable structural changes are expected in the future pattern of tourism activities to meet the anticipated demand, to introduce a decentralized pattern of development and a more independent tourist market in Nepal. This can only be achieved through long term planning at all levels of Government.
- The overall objective for tourism development is to achieve aims of economic and social policies. Therefore, tourism industry is not an end in itself but a means toward achieving these aims. From this it follows that the development activities in tourism must be integrated with the requirements of the other sectors.

In result, evidence suggests that tourism is so closely dependent upon the public administration that it must be located within the present system of Government, for all activities, particularly planning and implementation must carry the greatest possible degree of obligation over all potential addresses in both the public and private sector.

There is a notable tendency in many emerging countries to try to overcome administrative deficiencies by creating new organizations. This solution often results in increasing the difficulties in the way of achieving proper co-ordination<sup>1)</sup>. Development corporations create, where they have been established in tourism or other areas, more problems than they solve, because, especially in underdeveloped countries, there is a decisive need for co-ordination with other public agencies and great problems arise for such corporations to achieve the necessary degree of autonomy without being isolated.

The need in Nepal today is for better co-ordination of responsibilities in tourism. This can be best accomplished by concentrating all relevant agencies in a Ministry of Tourism.

A further point concerns the problem of the distance between the decision making authority and the executive level. Even a sufficiently established independent corporation for tourism would with regard to fundamental decisions on tourism development policy be dependent on the Government which would certainly not allow itself to be deprived of its responsibilities. Whilst a Ministry of Tourism would reduce this distance

<sup>1)</sup> A. Waterston, Development Planning, Lessons of Experience, page 290



to a minimum, since it would itself take part in the decision making, in the case of independent corporation the separation of the two authorities could cause friction.

In general organizations which can act independently of the state administration, and even if they are subject to state supervision, are accorded greater flexibility in the organization of their work, but it can be confirmed that in the last resort the efficiency of an organization is decisively determined by the abilities of those running it. In Nepal the wage and salary levels show little difference between the civil service of those employed in concerns administered by the state and of those employed in the private sector. This means that the possibilities of a corporation to offer stronger performance incentives by means of better wages and salaries and in this way of being able to attract a more efficient staff are very slim.

In addition there also exists a distinct tendency towards a levelling of the conditions of employment in public service and in independent state concerns. And finally it cannot be overlooked that those with a good educational background prefer entering the civil service because in contrast to the private sector a number of additional fringe benefits are offered.

As a rule the founding of a state corporation is undertaken by the passing of an appropriate act which determines the functions of the corporation, defines competences, outlines the basic financial requirements as well as establishes the supervisory authorities and control procedures through the state. The creation of a new ministry requires above all a fundamental political decision apart from one concerning personnel. When once this decision has been taken it is probable, particularly in a strongly authoritative Government system, that this political act will be more speedily implemented than the in some instances difficult legal questions in connection with the founding of a corporation via the legislature.

Finally, the origin of an organization's financial resources plays a decisive role in the designation of its institutional form. As will be shown further, the central tourism development authority, which is here

suggested, because of the very nature of its tasks has scarcely any income of its own. The institution's goal will not be directed at returns which would serve to cover costs and even to bring in profit. On the contrary, it is a question of promoting the development of tourism in Nepal by a package of administrative planning and organizational activities. The means for financing of the machinery required for this purpose will be taken exclusively from the state budget. An institution financed in this way can have its home only within the core of the state machinery itself.

From the aforementioned considerations it follows that the central institution for the promotion of tourism in Nepal should be organized as a Ministry for Tourism and not as a state corporation independent of the Government.

H. M. G. has in the past gradually improved the status of the administration responsible for tourism both in rank and by raising its budget in line with the increasing importance of travel. The stronger institutional basis in the form of a Ministry for Tourism would be a further logical step in accordance with the importance of tourism for the Nepalese economy.

## 4.2 CREATION OF A MINISTRY OF TOURISM AND CULTURE

### General

Foremost among the aims of creating a strong central agency for tourism, probably be named Ministry of Tourism and Culture, is the institution of an organ of Government which is responsible for key activities related to tourism including comprehensive development planning and analysis, implementation and execution, and promotion.

The broad objectives of the Ministry would be:

- the encouragement, promotion and development of tourism
- the encouragement, promotion and development of appropriate tourist facilities and services
- the fulfilment of social and economic policies through the development of the potential resources for tourism

In order to carry out these objectives the Ministry would have the following powers:

- to develop touristic resources and to safeguard their opening up and protect these
- to establish, maintain and operate adequate facilities and tourist services
- to assist any person or authority financially or otherwise in the establishment and operation of efficient and adequate tourist facilities and services
- to maintain and operate, or assist in the training of persons in the tourist industry
- to supervise and control financially and administratively any commercial establishment, facilities and service in the tourism industry
- to promote, engage and co-operate with the tourist industry in all measures it deems advantageous for the promotion, publicity, information and operation of tourism
- to execute, enforce and supervise such measures it considers necessary to attain the explicit objectives.

### Functions

Most of the specific functions of the recommended Ministry are at the moment distributed among a number of Government departments. These are mainly the Department of Tourism, the Department of Archaeology, the Department of Culture, the Department of Forestry, the Ministry of Foreign Affairs, and the Immigration Office.

The assumption of all the functions of the Department of Tourism by the new institution for tourism viewed as a whole does not create any special difficulties. Whether indeed internal changes in the organizational set up become necessary is examined more closely below.

From the description of the Archaeology Department's functions elsewhere it follows that this institution is responsible for all the protection, preservation and restoration of historic monuments. From the touristic point of view this must be seen as one of the most important functions: the preservation of one of the most valuable tourist attractions in the country by administrative, organizational, technical and financial measures. Of course the preservation of the cultural assets of a civilization is justified even without the possible advantage which might accrue to tourism. The knowledge that such preservation measures also reveal the possibility of economic exploitation of the objects concerned, which is without doubt the case in Nepal, is often in reality the



deciding factor which leads to the implementation of restoration programmes. Therefore this range of functions must be considered as a sphere of competence which becomes particularly important because of its connection with tourism, and not only because of the great attractiveness of the temples etc.

Hitherto the Archaeology Department, which in addition runs the state museums, collections of old manuscripts as also excavation programmes (particularly in and around Lumbini) is a department of the Ministry of Education whose Minister at the same time has also the control of the Department of Agriculture within his hands. Both education and agriculture are key spheres of quite considerable importance for the overall general economic and social development of Nepal. And, there is no factual connection whatsoever between their tasks and those of the Department of Archaeology.

The transfer to a new Ministry of Tourism would be of advantage to all institutions concerned: the Ministry of Education is relieved of a responsibility which does not fit it with its real list of functions, and to which in the past it could devote but little attention simply because of the preponderance and priority of the education sector. In this way it is put in the position of being able to concentrate even more upon its more important tasks in the educational sector. The Department of Archaeology fulfils with its functions tasks of great touristic significance - within a Ministry of Tourism this gives it considerable importance of its own, linked with a growth of prestige which as a rule promotes efficiency.

The transference of the environmental conservation and National Park functions of the Forestry Department to the Ministry of Tourism emanates from the same consideration as was decisive in the case of the Department of Archaeology: the care and rendering accessible of available (natural) resources of great value as tourist attractions (jungles, mountainous regions, wild life) the economic use of which is through tourism. In the case of this institution a further aspect adds weight to the argument. Alongside the responsibility for preservation there is the task of turning the Nepalese woodstocks into economic use. Differences of opinion on aims cannot be

avoided. Therefore it is preferable that the two spheres of interest be separated from one another in different ministries rather than as now linked together in the same administration.

Whilst the forestry section therefore will stay in the Ministry for Industry, Commerce, Forests, Water and Power the responsibility for all the tasks of nature protection: Legislature, authority responsible for hunting, National Park Organization are to be transferred to the new Ministry of Tourism.

A third sphere in which the accent would lie on the touristic exploitation of a specifically Nepalese attraction, would be that of folklore. In the past only sporadic attempts have been made to promote folklore, music and dance. These are considered principal tourist attractions. For this hitherto the Department of Culture in the Ministry of Education carries responsibility. It seems that the lack of activity of this cultural department in the direction indicated is above all attributable to the fact that it has lacked a precise conception of its role. In the Ministry of Tourism on the other hand an institution to look after traditional Nepalese music, dances and festivals would find itself slotted into a clear system of practical aims. This could bring about the decisive impulse leading to a reactivation in terms of staff and practical experience.

The clearance of Himalaya-Expeditions which at the moment is still undertaken by the Foreign Ministry would be the last sphere of competence directly concerned with capitalizing upon a unique tourist attraction to be considered even though expeditions are a special form of travel.

Alongside the settling of formalities for such Himalaya - expeditions the issuing of trekking permits should be transferred to the new central tourist authority. Up until now the Immigration Office has looked after this matter.

In summary the functions of the Ministry of Tourism and Culture would be :

- the preparation of short and long term development plans and programmes for tourism, the continuous surveillance, review, analysis and implementation of plans and programmes in operation.

- the preparation of detailed plans and projects and the execution of these within its area of responsibility and executive powers

- the co-ordination of such plans and programmes which are associated with tourism, e.g. public works, infrastructural facilities, transportation, etc.

- organization and administration of tourism, supervision of the tourism industry, legal enforcement, statistics and marketing, and all such functions the Department of Tourism hitherto is responsible for.

- preservation of historic monuments and sites, administration of museums, preparation and execution of preservation and restoration programmes and projects

- environmental preservation, conservation of natural resources, protection of landscapes

- wildlife conservation and management, control of hunting and fishing, administration of National Parks, execution of ecological surveys

- preservation and promotion of traditional music and dance, costumes, folklore and festivals

- issuing of trekking permits

- administration of Himalaya expeditions

With this range of functions the Ministry proposed would be in a position to effectively plan and promote the tourism development in the most important areas of responsibility of Government. This solution would also help improve the present performance of the administration and would also provide for a more rational use of the available administrative capacity by concentrating the trained and experienced staffs in one agency. In addition it would help greatly to establish clear functions within the administrative system.

#### ● Organization of Functions

The organizational structure of the newly to be created Ministry of Tourism and Culture results from the areas of responsibility proposed. Since the new organization can only be built up gradually over a period of several years in carefully prepared steps so as to ensure continuity in the work but also to give effect to the different fields of activity, it appears logical to maintain the existing functional units at department level. Thus there would be the following four functional departments:

- Tourism
- Archaeology

- Ecology
- Culture

The accompanying chart indicates the proposed organizational model. A planning division is located in relation to the heads of the Ministry and the department. It would be responsible as the central planning, programming, co-ordinating, implementing, and analysing unit in the Ministry thus giving effect to the strong dependencies with other functional ministries in planning and implementation. The departments would be organized on the lines of other ministries and would have between two and four sections. The internal and fiscal administration would be centralized in order to reduce the bureaucratic work load in the individual departments and to ensure greater efficiency.

The most important objective is that the administrative machinery would in practice operate strongly centralized with all segments of it co-operating as closely as possible, for this is prime objective for creating it.

The Tourism Department in the new Ministry would have the following four key sections:

- the information unit for the production and dissemination of information, including the display and distribution of material (graphics, booklets, brochures, films), the establishment and operation of information centres in the country, promotion of internal publicity (community relations programme)

- the sales promotion, publicity and marketing section would be the unit to prepare marketing strategies, international sales promotion, and publicity abroad, it would closely co-operate with the hotel and travel industry and would operate a future joint marketing programme for the entire tourist industry in Nepal to promote the Nepal-Style-Holiday.

- the tourism industry section would be the unit responsible for all affairs of the hotel and travel industry; if and where necessary it would establish and operate public enterprises in this sector

- the mountaineering section would be the unit to handle all activities associated with mountaineering, trekking, expeditions etc., including the administration of expeditions, the issuing of trekking permits, establishment and operation of mountaineering bases, supply and equipment depots.

Any other activity of the present Department of Tourism would be taken over by either the planning division and/or the administrative section proposed.

The Archaeology Department in the new Ministry would



basically continue its present activities though more emphasis would be placed on monuments preservation and restoration. Three main sections are proposed:

- the section responsible for all aspects of the historic sites and monuments in Nepal, including surveys, registration, preparation of preservation programmes, both immediate and long term, execution of restoration projects, technical and chemical facilities and research

- the museums section, responsible for the administration and re-organization of existing museums and the establishments of new ones, and the control and supervision of the curio trade

- the section of Archaeology would continue the survey of archaeological sites in the country, it would carry out excavations and determine sites of archaeological interest.

The Department would closely co-operate with the Guthi Corporation and the Department of Housing and Physical Planning in the execution of its functions.

Most of the activities described above are largely identical with those carried out under present conditions. Further studies are however necessary to determine appropriate ways and means of raising the efficiency of this Department through organizational measures particularly in shifting the presently unbalanced work load within the different sections.

The functions of the Department of Culture would first of all lie in the promotion of cultural entertainment including music and dance, local customs and costumes, festivals and folklore performances. But apart from promoting activities aimed at creating tourist attractions such as stage performances, son et lumière, traditional folklore, the Department would also engage in preserving and enhancing the Nepalese cultural heritage. Without question this is a conflict as it will be unavoidable sometimes to work out a compromise between tradition and the needs of tourists; also, it is difficult to find the right compromise other than by experimenting.

Several suggestions have been made for cultural entertainment with regard to tourism, such as the promotion of regular stage performances in folklore. Initially this would be done by forming a few good ensembles which, after some years of experience, would also perform abroad within the context of active sales promotion.

Secondly, music and dance groups would be formed and regularly featured at a historic site, e.g. the Durbar Square in Kathmandu or a suitable court yard building. This would be supplemented by son et lumière.

Thirdly, festivals are a formidable attraction to tourists but there is a need for better arrangements for tourists to understand the socio-religious context of the festivals and to watch them.

In view of the diverse activities ranging from promotion and management of folklore performances to the touristic organization of festivals three sections are proposed in the Department of Culture.

The specific functions of the Department of Ecology as is proposed would be the following:

- environmental conservation in the widest sense of the word, including the continuation of the present activities of the Ministry of Forests cum F.A.O. e.g. survey of areas which should be set aside and protected because of their natural values, wildlife resources, forests, or typical landscapes, and recreational potentials for tourism; preparation, legal enforcement and control of regulation in this field.

- establishment, administration and management of National Parks, including the provision and operation of adequate park facilities and infrastructure.

- administration and management of hunting and fishing, issuing of hunting licences.

The Internal Administration of the Ministry would be located at Department level. It would have two main sections:

- internal administration which would deal with all organizational matters in the Ministry including personnel management and legal administration, e.g. the formulation of draft bills from the individual departments for submission.

- fiscal administration, including all accounting matters in the Ministry, the budget programming unit, as well as any other financial matter.

The central administration of the Ministry in the far reaching form proposed here is quite new to the system of Government machinery. At present each department has at least a modest internal administrative unit of its own as well as independent budgeting and accounts sections. The aim of the proposed concentration of internal administrative affairs in the hands of one central unit is to reduce the duplication and splitting of competences and to give effect to a

tight functional organization in order to relieve the individual departments of some administrative tasks and to help increase the efficiency of the Ministry as a whole.

For the very same reasons a central Planning Division would be established directly under the responsibility of the State Secretary in order to reflect

- the importance of comprehensive planning for tourism development
- the need for co-ordination of plans and programmes with other sectors
- the need for integrating projects at the executive level.

In order to carry out these objectives the Planning Division would have six key units in the following fields

- statistics and research: preparation and publication of relevant statistics on internal and international tourism, compilation of planning-orientated statistics and data; analysis of the tourism market and associated areas in Nepal, market research, survey and identification of tourism potentials.

- planning: preparation of short and long term sectoral plans and programmes and their integration into the national set;

- programming unit: preparation of action programmes for the sectoral development activities, revision of plans in operation, preparation of annual plans.

- co-ordination: internal co-ordination of plans and programmes in operation, co-ordination of foreign aid and technical assistance.

- implementation: implementation and execution control, project evaluation, preparation of progress reports.

- project analyses: continual surveillance of projects in operation.

Upon approval of the present Development Plan for Tourism the Planning Division would have in hand a complete development programme. As ever, progress achieved through planning is chiefly dependent upon the administrative machinery operating the plan. And a plan is not a blue print for the future but a guideline for directing development. It can therefore not answer any planning problem which might arise in the years ahead.

The most important task that will come up continuously and which must be handled by the administration is

the effective and realistic control of the process of implementation. This makes it necessary for the planning unit to adopt systems for continuous and periodic surveillance of the Plan, review, and probable revision in view of changing conditions.

Equally important is the improvement of statistics and the observation of the market in the future in order to determine the types of facilities and services required to meet trends in demand. In most of these areas Nepalese skill will for some time not be available to handle the immense managerial and planning tasks development bring. It will therefore be necessary to assist the administration in these fields by consulting services and experts; this will be dealt with in detail below.

### ● Implementation of the Reorganization Model

Administrative reorganizations take time and material improvements cannot be expected at once.

Since it is a part of the present Plan to help create an administrative system which can carry it out, the underlying development concept clearly realizes that it may take three or even four years before the new Ministry of Tourism and Culture is established. It also realizes the fact that with the help of experts the reform process can be put into effect faster. But still tourism hinges on too many other Government agencies which in essence determine the speed and scale of development in this sector.

All efforts should thus be concentrated on improving the present administrative performance and direct it towards the gradual assumption of new functions within a wider context. This should not prove too difficult since the entire reform process is orientated toward a clear set of goals which are to be achieved through it.

To implement the reorganization model a staged process is proposed to transfer and integrate the existing agencies into the new organization. Upon approval of the model by the heads of Government a set of acts and regulations is necessary to determine the legal context within which the new organization would be established, e.g. the relocation of the Departments of Tourism, Archaeology, Culture, Forests, the transfer of functions



from the Ministry of Foreign Affairs and from the Immigration Office; then the personnel and powers of the new Ministry would be determined by law as well as its objectives, internal organization and administration, the division of functions of the individual departments, etc.

In practice a number of problems would arise in the initial and transitional phase. The staffing at upper levels, especially the heads of the Ministry and its departments would be the first step. In order to prevent the old structures from becoming firmly entrenched in their new surroundings, the task of relocating the internal administrative functions of the departments would be undertaken immediately, and to create as quickly as possible the internal structure of the new organization especially the internal administrative sections and the planning units.

The heads of existing departments would take the greatest possible part in all phases of the reorganization process so as to act in accordance with the particular set of circumstances appertaining in their individual spheres, and to bring about the personnel involvement of the responsible officials, and thus successful co-operation from the very beginning.

Since the new Ministry can build on the available personnel in the administrative units already existing no noticeable additional finance can be expected on the personnel side in the opening phase. The only exception to this is at top level where there will be new regular expenditure for the salary of the Minister, the State Secretary, the Secretariats of these two positions as well as the equipment required to furnish them.

Firm direction and close co-operation between all individual parts of the new Ministry will make it necessary for the machinery of this institution to be accommodated in one building.

However the present distribution of administrative departments in the machinery of Government shows that it is extraordinarily widely scattered over a multiplicity of building complexes and individual buildings not only in the Capital City but also in the neighbouring town of Patan. The only offices which are in Singha Darbar in their entirety are those of the ministers

and state secretaries.

It will probably not be possible initially, in the present conditions (lack of office space, former mode of procedure) to accommodate all departments of the new Ministry under one roof. Since for the sake of the efficiency of its work this concentration is necessary everything should be done from the beginning to provide the prerequisites for its bringing about at a later point in time.

Only in a few cases will the physical separation of individual sections of the Ministry be necessary for technical reasons. Thus the local central information bureau under the control of the old as of the new Department of Tourism must in any case be sited at a focal point of the tourist flow in Kathmandu. For this only the Hannuman Dhoka area in the old part of the town, particularly on the Basantpur Square, can be considered. Here too as in the case for example, of Nepal's information bureaus abroad, superintending staff in the state art collections or in eventual Nature Protection Bureaus it is a question of directly executive organs of the tourism authority at the lower level.

In summary the national budget will, on the regular expenditure side, be burdened with additional staff expenditure for the Minister, the State Secretary and their secretaries too, as a result of the reorganization of the tourism authority. After consolidation of the internal organization of the new Ministry an increase in staff in the individual divisions, according as to how they each set about the actual development measures, will then have to be taken into account. These additional expenditures, as far as foreseeable today, have been included in the public expenditure programme proposal. Together with the expenditure on staff, appropriate equipment must be allowed for to furnish the offices of those concerned. The proposed housing of the entire Ministry in one building entails a larger item of expenditure which, it is true, would appear predominately as non-recurring. As an incentive let it be said here that possibly one of the unused groups of buildings of the Rana period could with appropriate alterations, be suitable to house a ministry.

### ● Co-ordination

With the establishment of the Ministry of Tourism and Culture as recommended, key activities in tourism would be centrally accommodated in one house. Thus the problems of co-ordination between the essential functions in tourism would formally resolve themselves.

But this is not enough in order to develop tourism because, as the analysis reveals, tourism development is dependent on a large number of other sectors, both private and public. Basically co-ordination of measures in tourism necessitates the understanding of the aims and requirements of this sector and these must find their way into the deliberate planning of the other sectors just as in turn tourism is a means to accomplish a set of social and economic policy.

Lines of contact must be maintained and improved chiefly between the Ministry of Tourism and

- the National Planning Commission as the central planning agency in Nepal
- the Ministry of Finance
- the Ministry of Commerce and Industry
- the Ministry of Transportation & Communication, and Public Works
- the Ministry of Home and Panchayat,

in the principal policy formulating areas of Government. For these tasks the Council of Ministers is the competent decision making body, in which the head of the Ministry of Tourism would then be represented.

Principal decisions in tourism and their relevant integration into the other key functional ministries must remain to be the responsibility of the Nepal Tourism Development Committee. This Committee is particularly valuable at the most critical stage when tourism development is expected to "take off" effectively.

Through the representation of the aforementioned members of the highest Government organs co-ordination is achieved at the upper levels. The composition of the Committee would thus not be altered with the exception of the vice-chairmanship then being by the State Secretary of the new Ministry of Tourism which would also delegate the member-secretary.

The role of the Committee is basically that of an advisory body in tourism affairs. It sets forth recommendations to the heads of H.M.G. and formulates policies which are binding to the functional ministries represented in it. This reflects the responsibility of the key ministries to co-ordinate and supervise the execution of policies, plans and programmes associated with tourism development.

The co-ordination of plans and programmes at the executive level and the commitment to it of the heads of the agencies involved is usually not enough to provide for the concerted execution of a project, especially where several agencies are concerned. Co-ordination at department level is therefore requisite to the smooth and integrated execution, and this will be the main responsibility of the co-ordinating unit proposed in the new Ministry of Tourism. Key agencies with which close lines of co-ordination would be established are mainly those identified in paragraph 2.5.1.

Another area where co-ordination is an important issue is foreign aid, subject to discussion in the following.

### ● The Need for International Technical Assistance

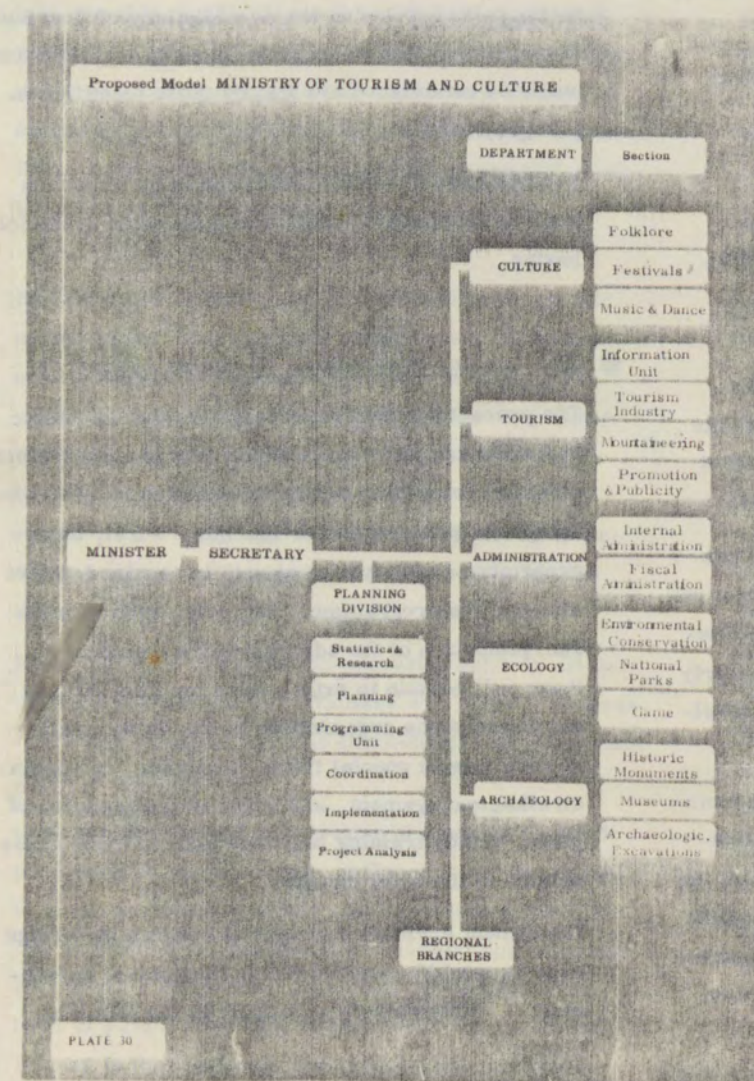
The preceeding discussion indicates that two basic obstacles are in evidence which may prevent Government for some time to implement effectively the development programme for tourism. First, an appropriate administrative agency is required to give effect to the programme. Secondly, even with the reorganization of the administrative machinery there will remain to exist a need for international aid to assist the organization by the dissemination of know how in special fields of tourism, in administration, management, and in the implementation of plans, and by training Nepalese skill in these areas as also in the hotel industry.

Permanent advisory services in tourism by foreign experts would be needed within the context of technical aid projects especially in the following areas:



- planner-economist - experienced in tourism to assist in the preparation of integrated programmes of action, including regional planning, infrastructural and communications planning, in tourism statistics and market research.
- administrative advisor - to assist in the build up of the Ministry of Tourism, in internal and fiscal administration, and organization.
- tourist industry expert - to assist in the administration and development of the hotel and travel industry, in the preparation of feasibility and project studies, sales promotion and publicity.

In special fields such as Historic Monuments preservation, wildlife and National Park development, and tourism industry personnel training, it is hoped that the U.N. and its operating agencies continue their expert services.



#### 4.4.3 IMPROVEMENT OF TOURISM STATISTICS

The quality and availability of statistical data and other sources of information is crucial to planning and requisite to guiding the process of plan implementation. As noted in the foregoing the presently compiled frontier data comprises among a number of valuable facts numerous tabulations which involve a great deal of work without bringing about any relevant information.

##### ● Frontier Statistics

should be improved by producing them more quickly and in their presentation. An abbreviated and strict body of facts with comparative data for past years and percentages of important structural and development series should replace the former volumes of tables. The data could be improved and made up to date by bi-annual publication in an abbreviated form. They should include following questions to incoming visitors:

- Nationality, place of residence, date of birth, profession
- date and place of embarkation
- destination of travel
- purpose of visit
- duration of stay

Questions should be presented on appreciable forms and should be arranged such as to facilitate computation. In presenting the statistics the same presentation of the data as in the Indian tourist statistics should be aimed at, for these also are frontier statistics. The majority of visitors will have visited India before proceeding to Nepal. Data on the tourism market in both countries should therefore be made comparable.

##### ● Hotel Statistics

Hotel statistics must be introduced to provide data about the distribution of tourists in various types of hotels, their capacity and occupancy, the length of stay of tourists etc. These data are helpful in providing information about the structure and change of the hotel industry and through this of the flow of

visitors within the country which will be increasingly important in future.

The best way of doing this is to compel the hotelier to report monthly to the statistical unit in the Department of Tourism:

- The capacity of the hotel, beds and rooms, changes in capacity
- The total guest-nights, number of nights spent by guest
- Occupancy rate per bed and room
- Status of guest (tourist, type of, business traveller, others)
- Country of origin, place of residence, social status of guest

The hotel statistics would like the frontier statistics be published bi-annually and annually in summary form and should be readily available to planners in complete detail.

##### ● Sample Interviews

A qualitative estimate of the tourism market is also desirable to provide an indication of the motivation, attitudes and problems of the tourist. It is proposed therefore that samples of tourists should be questioned as they leave. This should be done by qualified interviewers with a command of languages at the airport based on the frontier statistics of country of origin and month of arrival. The questioning should aim to discover:

- The motive for visiting Nepal
- A testing of the main attractions based on personal impression
- A judgement of how far the expectations from the visit were fulfilled
- Movement within the country, places visited (outside Kathmandu)
- Total amount spent and/or in addition to package holiday costs
- Length of stay
- List of complaints/recommendations
- Personal facts: country of origin, age, countries visited before/after, private or organized traveller.



This investigation should be planned to be as representative as possible (c. 2,000 interviews a year should suffice). They should be distributed in proportion to the seasonal traffic and be carried out so that all days of the week and the departures of various airlines are comprised.

The present procedures involved in the compilation of frontier statistics would also need some improvements: The registration of the Department of Tourism at the airport should be entirely dispensed with or if this is not possible for any reason, should take place after the compilation; the disembarkation cards should be handed over to the Department more quickly, and possibly at the end of the subsequent month or even fortnightly so as to make available arrival data more quickly.

The present method of assessing the length of stay of visitors should be dispensed with in future since the time-consuming way of finding the two cards and comparing the dates of arrival and departure is not likely to bring about a corresponding result. It appears sufficient to use the visitors' statement on the projected length of stay. This necessitates however that all details of the cards are filled in, and that this is thoroughly checked by the immigration officers.

In any event, the proposed hotel statistics will yield more accurate information on the stay of visitors. By legal obligation, possibly through extension of the Tourism Industry Regulations of 1965, the hotelier would be compelled to use printed forms which would contain the above set of entries. Since the hotels already carry out such inquiries for their own purposes the proposed procedure would hardly involve extra work.

Through the hotel statistics the present information gap with regard to visitors from India would be closed.

Furthermore, in order to obtain complete statistics on tourism and the regional flow of visitors, trekking tourists would fill out printed forms as their trekking permit is being issued, into which the age, nationality, profession, as well as the trekking route would be entered. On the basis of this information the provision of facilities along the most important routes could be

determined in terms of priority, quantity and quality.

All these measures would of course increase the work load of the statistical section of the Department of Tourism. It is therefore recommended that the present officer in charge of statistics who is still on the payroll of the Central Bureau of Statistics be transferred to the Department for good, and a second assistant would be needed to implement the improvements programme.

#### 4.4.4 TRAINING IN THE HOTEL & TRAVEL INDUSTRIES

The need for effective training in the hotel and travel industries in Nepal has long been realized. There are at present approximately 2500 employees in these sectors of which an estimated 2% is properly trained. In 1971, HMG with the assistance of U.N.D.P. has prepared a project plan for the establishment of a Hotel and Tourist Instruction Centre at Kathmandu, and the project is to go into operation in 1972. The purpose of the Centre is to provide:

- Vocational training of hotel and travel industry personnel, including instructors for the basic level, and technical courses for the middle and upper level.
- Advisory and consultancy services for the hotels and tourist agencies.
- Information, documentation and research.

The training activities will include:

- The training of existing as well as potential hotel managers, hotel supervisors, and heads of departments.
- The training of hotel instructors, research workers, and consultants.
- The assistance in raising technical qualifications and knowledge of existing hotel personnel by organizing accelerated refresher and upgrading courses at different levels.

The project the duration of which will be four years will be made possible by a U.N.D.P. contribution of U.S. \$ 833,000 including expert advisory services, fellowship programmes, equipment and transportation facilities<sup>1)</sup>.

The size of the training programme is based on the NIDC projections which forecast a total of 3500 additional hotel rooms required by 1980. It envisages a global total of 9,500 persons which will have to be trained through 1980 in order to meet the prognosis and retrain present employees.

As mentioned in the foregoing these targets cannot be realistically accepted.

It is therefore recommended to re-orientate the size

<sup>1)</sup> Source: HMG/UNDP, Request for the establishment of a Vocational Training Centre for the Hotel and Tourism Personnel, Kathmandu Oct. 5, 1971

of the programme on the targets of the present Development Programme.

Assuming that the personnel requirements in the hotel industry will be 2.0 per room until 1975 and 1.5 until 1980, the resultant training requirement would be as follows, including only **additional employment**:

Year	Available Add'l Rooms	Personnel Required
1974	215	430
1975	215	430
1978	250	375
1980	230	345

In addition, through 1980, an estimated 500 persons will need training in the travel industry, including tour guides, transportation sector employees, and R.N.A.C. personnel, as well as in restaurants.

This would yield a global total of 2,080 trainees in the hotel and catering trade until 1980. At the same time, refresher courses will be needed to improve the performance standard of the present staff in the tourism industry; these courses would preferably be run during the low season.

National Parks and preserve management is yet another area where proper training will be required in the future. It is recommended that assistance for instructors, wardens, and managers be sought in fellowship programmes, and that expert services in Ecology and related areas also provide for on-the-job training. Special instruction services should also be available for operating and service personnel of catering facilities in the mountain National Parks.

It is recommended that the implementation of the training programme be given highest priority, and that it is realized as early as possible for it has not only a significant impact on the economy of the tourist industry but it is also regarded an essential instrument in internal publicity. It is estimated that the programme will involve an expenditure total of N.Rs 3 millions through 1975, during which time the Centre would be established and operated.



## 4.5 MARKETING PROGRAMME

### 4.5.1 The Key Markets

Today the principal areas of the world which provide the largest proportion of visitors to Nepal are widely distributed, in 1970 the main regions were:

• North America	35.0 %
• Europe	49.5 %
• Asia (except India)	8.3 %
• Oceania	5.8 %
• South America	1.2 %
• Other	.2 %

The main contributing countries during recent years included the following four, indicating the 1970 visitor totals and percentages:

• The United States	14,346	31.2 %
• France	5,280	11.5 %
• United Kingdom	5,211	11.3 %
• West Germany	4,600	10.0 %

The percentage shares of these main countries have been rather constant in the past, with a slight increase of Western European countries as against the U.S. These are followed by Japan and Australia with a 5 % share each. There is no indication at this time that any major change in the composition of Nepal's major markets will take place in the future.

It is therefore recommended that future marketing activities be concentrated in following key markets:

• <u>Primary Markets:</u>	The United States France United Kingdom West Germany
• <u>Secondary Markets:</u>	Japan Scandinavia Australia

in that order of importance, the most important target region will be Western Europe in general.



#### 4.5.2 Marketing Policies and Strategies

● Basically the magnitude of the tourist flow from the major markets and their wide distribution precludes any direct means of marketing communication with the potential visitor through the usual means of advertisement for such efforts would provide no returns in the immediate future.

● On the other hand Nepal is in the fortunate position to receive considerable publicity abroad through expeditions, films and stories. These have an important fall-out effect which could never be attained through large scale marketing. And much of Nepal's image is attributed to this type of "indirect" marketing.

● But Nepal cannot depend on this solely in future because this type of publicity primarily creates interest but does not necessarily attract visitors. One must distinguish therefore between what is known about Nepal and her attractions and the kind of information that appeals to the prospective traveller and make him a potential visitor.

● In the years ahead the appropriate marketing policy would thus be to provide information about the tourist attractions of Nepal. If Nepal's spectacular landscape is to be tamed for the tourist then he must know exactly what he can expect to see and to experience.

● In view of the wide distribution of the potential market and the fact that today the majority of tourists to Nepal have booked package tours marketing efforts should be concentrated on trade advertisement for the few big wholesalers in the primary and secondary markets, since these are the major producers of travel to Asia.

● As has been mentioned in the foregoing analysis the most important tourism policy in Nepal is to reduce the dependence on the Indian market. However this cannot be accomplished immediately but is a long term goal. It follows from this that the long term objective of the marketing policy is to help achieve this end.

● To succeed, immediate marketing activities must take into account the competitive situation as it exists between Nepal and India, and must attempt to improve

this by focusing them on Nepal's competitive advantages. In doing so the results of the preceding qualitative analysis of the Indian and Nepalese tourist markets must be born in mind.

● If, as it has been recommended, the market policy is to create and develop a supply-orientated tourist market it follows that this must form the basis for future marketing. The lines along which this may be achieved have been mentioned in the preceding analysis (Section 2.4).

● It necessitates however that the designers of the marketing programme must be well informed not only about the regional market but also about the different attitudes and expectations in the markets abroad in order to assure that whatever is marketed appeals to the prospective visitor and his wants, wishes and needs; it is not sufficient to feature those attractions designers think the tourist should know.

● The most important immediate task is therefore to produce and disseminate a brief and factual body of information covering all fields of attractions, the state of the tourist market and infrastructure, the plans for its development, costs arrangements etc. with which the wholesalers would be supplied so they can include Nepal into their long range market strategies.

● The future must see the active promotion of the anticipated distinctively Nepal-styled tourism, and this requires quite different marketing strategies. It is envisaged that Nepal herself will then take the role as a wholesaler of package tours tailored to the needs of this type of traveller. This can be accomplished by bringing together the local travel agencies and to promote and operate a variety of tour programmes. Through this it would be assured that the targets of tourism development are achieved for then Nepal could directly influence a satisfactory flow of tourists to the facilities created.

● To begin with, a joint sales promotion programme would be set afoot by the tourism authority in conjunction with the hotel and travel trade. The aim is to sell a package tour designed to comprise transportation, lodging, and sightseeing of, say,

a six-day circular tour of Nepal.

● Eventually, with the expected changes in IATA regulations package tours would be promoted to the exclusion of the wholesaler abroad. Though this is a long term goal surrounded by some uncertainties at this time marketing strategies must seek to actively engage along these lines in future. This necessitates the establishment of tourist bureaux in the central target markets e.g. Western Europe and the U.S. and the creation of a strong sales promotion agency. Basic to this is the agreement of the tourist industry on the goals which are to be achieved, and close co-operation between the public and private sector activities in marketing is needed.

#### 4.5.3 Recommended Marketing Programme 1972-1975

During the immediate future marketing activities would be concentrated chiefly on improving the information material which is to be provided mainly to wholesalers and special segments of the travel market. Since the establishment of tourist bureaux abroad is not expected to provide any economical result in this phase, it is suggested that Nepal's diplomatic missions engage in the dissemination of information material. Still the magnitude of the marketing communication with the potential visitor would be through the wholesalers.

It is recommended that the following action be taken:

● Production of a Travel Agent Manual which should be designed to provide comprehensive sales promotion material for wholesalers. It should therefore provide any information relevant to them including basic information and ideas for including Nepal into their travel programme such as

- maps and photos on tourist attractions
- capacity and prices of the tourist industry in Nepal; capacity of the local travel agencies
- state of development of the tourist market and the information on the planned expansion
- internal and external transportation and communications
- tour routing suggestion
- tour guides, calendar of events, entertainment opportunities
- travel formalities, customs duties and regulations
- general information on Nepal

● Production of a Sightseeing Brochure designed for the prospective visitor which should include information on sightseeing possibilities, suggestions on tours and route descriptions, hotel facilities, and general information.

● A similar brochure on trekking. The Trekking Guide should include a summary of available information on trekking in Nepal and should make use of the information of the individual travel agents which engage in this field, e.g. trekking routes and itineraries, maps and route descriptions, regulations, equipment.

The two brochures should be designed so as to supplement the Travel Agent Manual with regard to Nepal's specific supply. A high quality poster would be added. The sales promotion material must be substantially better in quality and design than present material and should gradually replace the present bulk of brochures, maps, and booklets which are in general not up to the standards required.

It is anticipated that the production of the recommended material may take about one year. The assistance of marketing experts should be sought for the final layout and presentation.<sup>1)</sup>

The dissemination of the material should get underway during 1973 so as to accord with the planned expansion of facilities during 1974/75, and should be distributed to those wholesalers in North America, Europe, Japan and Australia that operate in the Asian market, as well as the major travel journals in the key market areas.

In addition to the primary sales material focused directly at the wholesaler and the consumer, publicity is needed to keep the market informed about Nepal. Part of this is provided for by international communications media (the press, television and radio). This involves no costs for Nepal and is at least as effective as an expensive advertisement programme.

It is more appropriate for Nepal to inform travel writers about the tourist attractions for these will then provide for wide spread publicity. This should be done in two ways:

<sup>1)</sup> It should be noted here that the German Section of Fraternitas Mondiale is currently preparing an excellent color brochure with general information about Nepal's attractions which could be made use of.



- a few short films should be produced which show Nepal's attractions from different angles (cultural facets, historic features, natural attractions etc.), attempting to feature the attractions in a form which appeals both to travel journalists and travel agents.

- a number of travel writers should be invited to obtain on-the-spot information.

During the end of the first phase the Joint Sales Promotion Programme should be initiated with the objectives

- to concentrate all marketing, sales promotion and publicity activities of the entire tourist industry
- to promote a solid travel trade in Nepal capable of operating package tours
- to promote and operate packaged itineraries

The Programme would be carried out by a body of representatives of the tourism authority, the travel agencies, and the hotel trade, and would be financed by a pool to which all participants contribute a share. It would closely co-operate with the Royal Nepal Airlines Corporation. It should be open to discussion whether the Programme is carried out by appointing the services of marketing experts.

The primary responsibility of the marketing communication programme would remain with the tourism authority, while the Joint Sales Promotion Programme is chiefly to make possible a stronger position of the tourist industry in the regional market through operating tours which are competitive and attractive.

#### 4.5.4 The Long-Term Programme 1976-1980

- Beginning in 1975 the Travel Agent Manual would be re-edited and brought up to date; a revised volume would be released each year in order to provide accurate information.

- New brochures should be produced and the previous ones re-edited. A Nepal Tourism Brochure should be produced by combining the two others into a volume which provides all necessary information on the newly created supply.

- Tourist Bureaux are proposed in appropriate locations in the United States and Western Europe with the aim

- to promote travel to Nepal through closer contacts with the key markets and direct marketing communication
- to promote packaged itineraries for Nepal and

neighbouring countries

- to direct marketing activities abroad and to provide first hand information directly to the consumer, and the retail travel agents.

- to survey the consumer market, the motivation and image pattern, and follow-up of marketing response

It is of course difficult to foresee the exact date of establishment for this largely depends upon the progress achieved in creating the preconditions for more aggressive marketing. If the development programme is carried out as envisaged the bureaux should be set up toward the end of the plan period, around 1979/80, for only then would the tourist market in Nepal justify such investments.

- It is anticipated that the Joint Sales Promotion Programme will be fully operated in the second phase so as to provide a solid programme in which newly created facilities are accommodated. Tour operations would expand both in volume and variety, and thus the requisites for packaged tour itineraries of 5-7 days are met. Since it is envisaged that individual-type tourism will increase in importance during the second phase an attractive variety of tour operations would be promoted.

- Publicity programmes would continue along the lines set in the previous phase, including films and travel seminars.

- A research programme should get underway during the second phase analysing the potential market of vacation and recreational tourism from India. This should be possibly included in the Joint Sales Promotion Programme as it involves direct sales promotion. The aim is to provide basic information on this demand segment in view of future accommodation facilities, and the model resort villages proposed.

- Along similar lines it may become necessary to have more and better knowledge of international pilgrimage to Nepal in future in order to meet the potential demand in this sphere. It is therefore recommended that a study on this segment should be carried out.

#### 4.5.5 Budget

There exist several uncertainties at this time which make it difficult to calculate detailed budget require-

ments for the marketing programme; first there are the costs for printing of promotion material which may differ between 50 and 100 000 dollars depending on the quality aimed at. Unfortunately, the printing will have to be done abroad which may even involve hard currency. Similarly, the production of films is difficult to assess in costs without defining its length and quality. Finally, it is yet to be determined whether marketing experts are appointed which would help raise quality but also increase costs.

Basically, marketing efforts have to be in relation to the potential return. Since the return is in the number of visitors it is fair to assume that promotional expenditures bear a direct relation to the visitor flow induced; these include all direct spendings for marketing, advertisement, publicity, informational and promotional activities in Nepal and abroad.

In Asian countries promotional expenditures during recent years were, according to IUOTO, between \$ 2 (Hongkong) and \$ 8 (India) per visitor on average, that is, the total budget divided by the number of visitors during the same year. Although this ratio is no-

thing more than a mathematical figure because the promotion activities have a rather differentiated, short and long term, direct and indirect influence on the visitor flow and least on that in the same year it helps to determine the order of magnitude of promotional spendings.

During 1971/72 the promotion budget of the Department of Tourism involved a total sum equivalent to U. S. \$ 300,000. If the number of visitors in the same year was 50,000 (excluding business travellers) the average promotional expenditure per visitor would be \$ 6, whereas it has been little more than \$ 1 in the previous years.

In order to accommodate the recommended marketing programme in the first phase 1972-75 it is assumed that a total of \$ 755,000 will be required which is c. \$ 2.5 per visitor based on a total of 294,000 visitors estimated for the same period.

Expenditures would be phased as follows, including the Internal Relations Programme presented in the following paragraph:

PROPOSED PROMOTIONAL BUDGET - 1980 in \$ U.S.

1971	1972	1973	1974	1975	1976-80 (Aggregate)	
\$ 100,000	\$ 100,000	\$ 120,000	\$ 130,000	\$ 150,000	\$ 800,000	International Sales Promotion
4,000	10,000	12,000	15,000	18,000	80,000	Information Material & Facilities
200,000 <sup>1)</sup>	-	10,000	20,000	20,000	80,000	Internal Relations (Publicity)
-	-	-	50,000	100,000	500,000	Joint Sales Promotion
304,000	110,000	142,000	215,000	288,000	1,460,000	Total Promotional Budget
49,000	52,000	55,000	64,000	77,000	755,000	Estimated Number of Visitors
\$ 6.3	\$ 2.1	\$ 4.0	\$ 4.5	\$ 3.6	\$ 1.9	Average Promotional Expenditure per Visitor

<sup>1)</sup> Special Promotion Programme 1971/72



#### 4.6 INTERNAL RELATIONS (PUBLICITY) PROGRAMME

The significance of Internal Publicity, as outlined in Section 2.4, follows from two major aspects:

- For two thirds of the tourists questioned in the Indian motivation survey, the "general friendliness of the people" is the most important favourable factor mentioned,
- One third of the tourists mentioned that the most important reason for choosing India for their holiday was on the recommendation of acquaintances or relations; thus, the on-the-spot experience of tourists ranks considerably higher than direct forms of sales promotion (advertisement - 19%, travel agencies - 5%)

One may deduce from this that internal publicity represents an important marketing instrument and it should therefore receive as much attention as direct marketing abroad. Basically the Programme would involve a process of communication and information between the general public, the tourist industry, the tourism authorities and the tourist.

● The general public and all its segments, including the industry, the producers of food, the banks, the educational institutions must be informed of economic advantages and benefits through tourism income which can be used to build up the infrastructure, the schools, medical services, as also of the requirements of preserving valuable and potential attractions and resources for tourism. It is generally the information of what tourism means to the average citizen and what economic benefits he would expect from it; more specifically it is to help create a "tourism-mindedness" in order to preserve and retain those immaterial values of Nepalese social life and cultural practise that is so important in itself and not to surrender it to the tendentially overriding influence of tourism.

● It also means that the various levels of Government must be kept informed about the plans and programmes in tourism so as to create the needed climate of co-ordination. And to convey to the various agencies of national and local government the economic advantages and benefits which can accrue through planned action in tourism.



● The tourist industry must be kept informed continuously about the importance of the "favourable and unfavourable" factors mentioned above, most of these are less a question of investments but of ideas and organization which can help create a "favourable" atmosphere. The personnel in the tourist industry with which the visitor has the most direct contact should know the needs, wants and wishes of the visitor and how to treat him so that he may feel as a guest-and come again.

● Finally, the success in creating a favourable climate not only depends on the country being a good host but also on the tourist being an understanding guest. This requires information and knowledge of the country and its people, as also of its needs and problems.

Internal Publicity is thus a multi-sided flow of information, and the implementation of the Programme involves therefore basically organizational efforts and the establishment of appropriate channels along which information flows.

The most comprehensive information so far available about tourism in Nepal is compiled in the present Plan.

It is therefore recommended that the Plan is used:

- as an informational guide for all levels of Government, the banks, business leaders, as well as all segments of the hotel and travel trade and associated industries and services.
- to convey to the public media, the press, radio, and journals to spread information to the public.
- in universities and higher educational institutions to inform about the economic and social effects of tourism development, to create awareness of this sector as an economic force, and as a producer of job and career opportunities, as well as a field of scientific activities.

The aim is to initiate a wide-spread discussion about the aims and targets of tourism development and of what can be achieved through planned action. This would also help create a positive "joint effort" climate through which goals can be better accomplished. In support of this, speeches and discussion meetings by Government and industry representatives should be prepared and distributed to the communications media.

In order to keep the Programme going it is recom-

mended that

- continuous information is made available by the tourism authority about the progress achieved in tourism, and the problems which have to be overcome; in the media attention should be drawn to specific features of development and acute plans to improve the knowledge and information basis
- statistics and data on visitor arrivals, tourist income and expenditures should be published quarterly or bi-annually to keep the public informed about the returns of development. The more important function would be to provide a basis for determining plans in the public and private sphere involved in tourism and to achieve agreement on plans and targets.
- public hearings and meetings should be held on special issues of internal publicity aimed at making it more effective
- films should be produced in future to provide visual information to the public about the development in tourism, as also of the inherent conflicts that tendentially arise.
- particular emphasis should be placed on informing the rural communities of the economic opportunities created through tourism, particularly in view of promoting agricultural production and handicraft activities. Special demonstration films should be produced for mobile film installations in selected areas.

The implementation of the Programme should be effectively co-ordinated by the tourism authorities; wherever practical financial support should be provided to private organizations and local governments to carry out parts of the programme along the lines set.

To give effect to the implementation of the Programme it is recommended that a budget of 100,000 N.Rs. be earmarked for 1973 which would be doubled in the following years. For the period through 1980 a provisional total of 800,000 N.Rs. should be set aside to accommodate continued publicity activities in the country.



#### 4.7 PARALLEL PROMOTION PROGRAMME

With the creation of a Ministry for tourism by concentrating all Government agencies directly connected with tourism, and the activation of administrative and organizational capacities with the help of expert advisors, the most important foundations have been laid for future Government activities in tourism development.

In addition however, yet supporting measures by other Government departments are necessary in order to promote tourism in all fields. Parallel promotive measures by Government are recommended in the following areas:

- improvement of tourist industry regulations by clarification of current regulations and publication of a complete body of laws appertaining to the tourist industry.
- publication of relevant regulations relating to the tourist administration
- improvement of state incentives for the tourist industry in order to promote development in the private sector
- administrative improvements in customs procedures, as well as in the control of foreign exchange
- promotion of handicraft activities in order to improve the quality and variety of supply in the souvenir line
- promotion of improved agricultural supply for the hotel industry in order to reduce import leakages
- adaptation of current visa regulations to international standards

The Parallel Promotion Programme is presented in greater detail in the following; proposals set forth result from the preceeding development programme and have been summarized here to facilitate reference by the responsible authorities; the proposed phasing and financial outlay of these measures is indicated in the Public Expenditures Programme below.

##### 4.7.1 Publication of a Body of Laws and Regulations appertaining to Tourism

Foremost among the improvements of Government regulations relating to the tourist industry would be a cla-

rification of all ordinances which are of importance to this sector. For this purpose it is recommended that all current tax and customs regulations be collected, published and made available to all interested parties.

Amongst the texts which should be included in this official publication would be the following

- Industrial Enterprises Act of 1961
- Nepal Industrial Development Corporation Act of 1962
- Nepal Rastra Bank Act of 1955
- Foreign Exchange (Regulation) Act, 1962
- Foreign Exchange (Regulation) Rules, 1963
- Company Act of 1964
- Income Tax of 1963, and Income Tax Regulations of 1963
- Income Tax Schedule
- Sales Tax Act of 1966, Sales Tax Rules and Schedule of 1967
- Excise Duty Act of 1958 and Excise Duty Regulations of 1962
- Customs Act of 1962 and Customs Schedule
- Entertainment Tax Act and Rules of 1961

In addition it is recommended that the above economic laws be supplemented by the most important ordinances appertaining to the functions of the central tourism authority (the proposed Ministry of Tourism & Culture), and, having done that, to publish a comprehensive tourism code. In doing so the following regulations should, where possible, be taken into consideration:

- Tourism Act of 1964
- Tourist Industry Regulations of 1965
- Ancient Monuments Protection Act of 1956
- Guthi Corporation Act of 1958
- Wild Life Protection Act of 1958
- Hunting Rules of 1970
- Forest Protection (Special Arrangements) Rules of 1971

In order to ascertain whether perhaps these regulations have become outdated, they should first be ex-



amined, cleared of dross, and finally received into the general body of law in their current version.

#### 4.7.2 Government Incentives for the Tourist Industry

Incentives for the hotel industry, as recommended in the present Plan, which should be received into the overall body of law are repeated here:

- five year exemption from income or corporation tax, to be calculated from the first year of profit
- special depreciation allowances for hotel firms that is either in the form of accelerated depreciation allowances for maintenance (e.g., on depreciation rates of 125 per cent or 130 per cent) or lowering of the period of depreciation from at present 33 years to 20 years economic life
- lowering of the interest rates of long-term NIDC loans for investments in the hotel sector from the present 7.5% to a future 5.5%
- lowering of import duties on deliveries to hotels insofar as goods are concerned which are required to make them internationally competitive, as for example food and drink even if they do not count as essential requirements - e.g., at the present on some kinds of drink such as high per cent alcohol, import charges are levied which lie between 200 and 300 %

The introduction and implementation of these tax and customs preferences as of the lowering of capital create in the first instance only the formal prerequisites of state incentives for private investment in the tourist industry. Above and beyond this a smooth and speedy application of these legal prescriptions would have to be guaranteed by the competent executive bodies; therefore, customs and tax authorities should as a matter of principle be reminded of the importance of their work for an efficient tourism industry, as well as continually influenced accordingly in their work.

#### 4.7.3 Customs Clearance Improvements

In the customs clearance of tourists intensified efforts should be made to introduce a genuine random inspection procedure. There exists already a formal instruction to have only part of the arriving and departing visitors inspected by the customs officials. However this procedure should be carried out in such

a way that in practice only in exceptional cases are luggage checks made, particularly on departing visitors. It is precisely with regard to them that there is a trend towards the abolition of customs inspection in international tourist traffic.

#### 4.7.4 Foreign Exchange Control: Introduction of Special Tourist Rates

Within another of the Ministry of Finance's important competences, a long term solution should be provided for the problem of the illegal foreign exchange market.

- It is suggested that between the Nepalese Rupee and the appropriate hard currencies e.g., the dollar, Pound Sterling, Swiss Franc, D. Mark, and Yen, a special exchange rate is offered to tourists (Tourist Rate), which would entail some clarifications with the Indian currency authorities.

There exist connections between the Nepalese and the Indian monetary policies, which according to information provided by the management of the Nepal Rastra Bank cannot without further ado be passed over by autonomous Nepalese measures.

The special Tourist Rate should, as for example in Ceylon or Pakistan, be accorded to all persons who on entry have their passports stamped with an appropriate supplementary visa in addition to their entry visa.

#### 4.7.5 Recommendations with Regard to Visa Regulations

The following amendments are recommended in order to bring visa regulations into line with the requirements of international travel:

- extension of the present 15-day-limit on permits to stay to three months which is the internationally usual period
- extension of the spatial validity of the permit to stay to all parts of Nepal which are not for reasons of principle barred to foreigners
- extension of the validity of the 3-day visa to 8 days with a further possibility of extension on the spot to the three month period generally valid
- abolition of tourists' obligation to possess visas at the latest from Spring 1974; for this in general the principle of mutuality would come into effect

#### 4.7.6 Promotion of Handicraft Activities

It has been pointed out frequently in the foregoing that the production of souvenirs is a means to achieve a wider distribution of incomes from tourism; analysis indicates that considerable improvements can be made in order to increase the quantity, quality and variety of produce. The following promotional measures are proposed:

- provision of financial incentives to promote the establishment of a handicraft centre at Patan, to provide for adequate production units, as well as for the display and sale of articles.
- promotion of handicraft production on the souvenir line at Pokhara, aimed at increasing the production and variety of souvenirs, as well as arrangements for display and sale.

In addition it is recommended that in order to improve the quality and variety of supply in Kathmandu, an annual competition be arranged by the Department of Cottage Industries in collaboration with the tourism authorities, in which both individuals and groups of manufacturers would be awarded prizes in cash for originality, design, etc. The greatest possible incentives should be provided for participation so as to bring about favourable fall-out effects.

#### 4.7.7 Agricultural Improvements Programme

One of the areas where the present import leakages of the hotel industry can be greatly reduced is in agricultural supply - it is referred to concrete plans of the Kathmandu Women Organization here in this field. It is recommended that Government would grant assistance to private initiative in this area if and where appropriate results may be expected.

Outside Kathmandu active promotional measures and financial incentives are needed in order to both create strong incentives for increasing local income and to improve the supply of tourist plants. This is particularly important along trekking routes.

- promotion of a fruit, vegetable and poultry farm in Kathmandu which would be operated on a state-controlled though private basis. In the initial period an expert in this field would assist in the establishment and management of the farm to train indigenous skill.

● a similar project should be promoted at Pokhara, including a fruit, vegetable and poultry farm possibly in conjunction with the existing agricultural centre. This project would also serve as a model for agricultural demonstrations.

● an Agricultural Improvements Programme should be promoted in conjunction with the establishment of National Parks in the Khumbu, Langtang, and Annapurna areas, as well as along important trekking routes, e.g., in the Thakkola, Helambu, and Jiri districts, with the aim to increase the quality and quantity of local supply particularly of vegetables and farm produce.



#### 4.8 PUBLIC EXPENDITURE & INVESTMENT PROGRAMME

A Public Expenditure and Investment Programme is required to give effect to the aims set for the development of tourism. The Programme is a summary of project proposals set forth in Section 4 and is designed as an action programme. Moreover, it functions as the principle instrument and tool with which HMG is expected to induce and direct the development process. The Programme, therefore, includes the following three elements defining the projects:

- the detailed action required
- its phasing
- the financial outlay

The Programme is divided into the first phase from 1972 to 1975 and the second phase from 1976 to 1980 with an annual phasing of projects 1972 through 1980, annual public funds in the first phase and global for the second phase.

Naturally, the public funds proposed not only are of benefit to the tourism sector but to several other areas such as transportation, communication, agriculture, industries, and education.

##### ● The First Phase 1972-1975

Public expenditures in the first phase will mainly represent investments in the country's more premanent resources for tourism, e.g., natural and cultural attractions, and the development of a basic touristic infrastructure. Projects in this phase are generally intended as forerunners to private sector investments in tourism. Government will be expected to play a leading role in laying the basis for future tourism activities.

Major public funds are recommended in the preservation of historic monuments in Kathmandu Valley, the establishment of National Parks, in the initial development of resort centres at Kathmandu Valley and, taking second priority, at Pokhara. The provision of tour base facilities along the proposed west tour would take third place in terms of regional priority, apart from the improvements programme for socio-religious centres. Other expenditures are proposed for promotional activities in the fields of agricultural production, cottage industries, marketing and publicity



Expenditures recommended in the first phase involve a total of Rs. 77 millions representing c.2.8% of the development budget of the Fourth Plan (Rs.2,570 millions). This amount will be required additionally in the remaining three years of the Fourth Plan period. Projected expenditures would be allocated in the following sectors:

PUBLIC EXPENDITURE PROGRAMME BY SECTOR

	Rs '000	%
General Infrastructure, including transportation, civil aviation, municipal services (water, power & sewerage), including planning & construction costs	33,810	44,0
Agriculture, including environmental preservation, National Parks development, forest & wildlife conservation	11,400	14,8
Tourism Sector as detailed below	31,965	41,2
Total	77,175	100,0

The strict tourism sector would thus involve a total of Rs 31 millions during the first phase which compares to 1,1% of the development budget of the Fourth Plan (during the Third Plan this sector received 0,1%) Tourism sector expenditures so proposed in the subsequent Programme may be grouped in the following categories:

THE TOURISM SECTOR BUDGET 1972-1976

	Rs '000	%
A. Preservation and restoration activities	16,999	52,7
B. Marketing & Publicity	7,550	24,1
C. Promotional Activities (cultural entertainment, handicrafts)	1,600	5,0
D. Development of tourist-ic infrastructure, including the construction of mountain lodges, provision of trail-side facilities (camp-sites, route markers, supply depots)	1,445	4,4
E. Recurring Administrative expenses (Department of Tourism)	1,470	4,5
F. Vocational Training Centre	3,000	9,3
Total	31,965	100,0

The Tourism Sector Budget is identical with the budget of the Department of Tourism which would increasingly take over executive functions. In order to fulfil its functions the Department will require considerably more funds than the Rs 5 millions earmarked in the Fourth Plan and already allocated in the fiscal year 1971/72. As indicated in the subsequent detailed Programme funds would be increased towards the end of the first phase.

The Second Phase 1976-1980

In this phase public expenditure will be required mainly to complete and continue major projects started in the previous phase; Resort Centres in Kathmandu and Pokhara will be developed and fully operated in the middle of this phase. In general, major development activities will increasingly be started outside the Valley of Kathmandu, e.g., the operation of the proposed west tour routing and the opening up of the east tour, resort areas will be developed in the countryside during the end of the second phase which will mark the beginning of a more mature stage of tourism activities in Nepal.

Public funds needed for investments and expenditures in the second phase will involve an estimated total of 96 million Rs of which the actual tourism sector budget will require some 39 million Rs (40,7%).

The Detailed Programme

The following detailed Programme indicates, as noted above, the recommended action and projects which are to accommodate the development in tourism showing the proposed phasing of projects and their financial outlay as well as their order of priority.

The basic principle underlying the Programme is that Government will in order to give effect to the policy proposals set forth for tourism allocate funds to the departments and agencies involved in the implementation and execution of the Programme. These are, apart from the Department of Tourism whose functions and budgetary tools have been defined in detail, chiefly the Departments of Industry, Commerce, Cottage Industry, Forestry, Water & Power, Roads, Civil Aviation, Housing & Physical Planning, Archaeology, Culture, the Telecommunication Board and the competent Nagar Panchayats.



Naturally, a number of projects do not lend themselves to precise cost estimates at present and require more detailed project studies and resultant cost estimates by the relevant departments. In some cases extensive surveys and feasibility studies are needed (such as in the case of roads proposed). For a number of items cost estimates are not possible such as in the case of archaeological and preservation work. Bearing in mind that in this field there is and will remain to be more work to be done than means to do it, the present practice of fund allocations would be continued in selecting appropriate or urgent priority projects.

Costs relating to public works e.g., the provision of basic infrastructural items for resort development have been assessed using costs of similar items elsewhere. It should be noted however that cost estimates of projects outside the Capital Region are always surrounded by uncertainty (such as in the case of Pokhara airport where construction costs will probably be three times the original estimates).

A number of projects proposed in the Programme is expected to attract international financial and technical assistance, particularly in the fields of restoration and preservation of historic monuments and National Monuments & Shrines as well in the development of National Parks and the creation of an infrastructural fabric for tourism in the Himalayas. For these items an assumed HMG contribution has been estimated to cover administrative expenses involved in these projects.

The Programme provides for needed flexibility during the process of implementation. Expenditure allocations recommended for a given project and over a number of years would be corrected in each fiscal year if and where necessary.

First Phase					Total Allocation Rs '000	Second Phase					Total Allocation Rs '000
1972	1973	1974	1975	1976		1977	1978	1979	1980		
A KATHMANDU VALLEY RESORT REGION											
I RESORT CENTRES											
1. Expansion of proposed Central Resort Complex, site redevelopment and engineering, provision of utilities, access roads, detailed layout planning, acquisition of land .	100	200	200	50	550	completion of public works, landscaping					100
2. Completion of Taragaon Resort Centre, 1st. stage and 2nd stage, extension of public utilities, improvement and landscaping of main road	100	150	100		350						
3. Tahachal Resort centre, initial layout planning, land acquisition, utilities and road construction.			250	250	500	Site redevelopment, land acquisition, extension of utilities, public roads, landscaping					1,000
4. Patan Resort Centre , initial layout planning, land acquisition, site development, public roads and utilities extension.		50	100	150	300	Site redevelopment, provision of water and power supply extension improvement of street network, landscaping					750
II TOURIST ATTRACTIONS DEVELOPMENT PROGRAMME											
1. Kathmandu Historic Core Area: Preservation crash programme, beautification, street pavement, street and monuments markers, vehicular traffic control, promotion of tourist facilities(café, public conveniences) at the durbar square.	500	800	1,200	2,500	5,000 <sup>2</sup>	Continued preservation and restoration programme. Promotion of private preservation and renovation activities and beautification campaign.					5,000 <sup>2</sup>
2. Patan Historic Core Area (vide 1.)	500	800	1,200	2,500	5,000 <sup>2</sup>	(vide 1.)					5,000 <sup>2</sup>
3. Bhadgaon Historic Core Area (vide 2.)		1,000	1,500	2,500	5,000 <sup>2</sup>	(vide 2.)					5,000 <sup>2</sup>
4. Swayambunath Temple Group : Renovation of surrounding structures, provision of public conveniences	35	45	10	10	100	Recurring maintenance					50
5. Pashupatinath Temple Group: Improvement of access road, landscaping, provision of parking facilities, public convenience.		150	300	50	500	Recurring maintenance					100



First Phase	Annual				Total Allocation Rs '000	Second Phase						Total Allocation Rs '000
	1972	1973	1974	1975			1976	1977	1978	1979	1980	

## A II. Continued

6. Bodnath: Provision of access road improvements, parking facilities, vehicular access control, café and public conveniences.			25	75	100	recurrent maintenance						50
7. Preparatory surveys and development planning of other touristic sites and attractions, including initial preservation and restoration work, provision of access roads, utilities a) Boudhanilkantha b) Sankhu c) Gokarna d) Changu Narayan e) Thimi f) Godavari g) Harisidhi h) Chapagaon i) Bungamati k) Dakshinkali l) Chovar m) Kirtipur n) Thankot	50	100	100		250 <sup>2</sup>	Increased preservation and restoration activities, construction of access roads, construction of basic tourist facilities (tea houses, public conveniences), promotion of handicraft production, display and sale.						1,000 <sup>1</sup>
8. Development of hill stations, observation points and recreational areas a) Nagarkot: Improvement (paving) of access road, provision of water and power, construction of tea house. b) Dhulikhel: Provision of tea house c) Phulchoki: access road improvements, provision of utilities, tea house. d) Shiopuri: Assistance in lift construction and site development, provision of utilities e) Kakani: Site redevelopment, refurbishing of existing lodge, provision of basic amenities.	400	800			1,200							100
				150	150	Completion						750
	400	800			1,200							100
			500	500	1,000	Land acquisition for recreational facilities extension of utilities,						500
			50	100	150	Completion						500
9. Promotion of cultural entertainment, e.g. folklore, son et lumière, etc. at Kathmandu, Patan Historic Core Areas.	50	100	200	400	750	Continued, recurring expenditures Inclusion of Bhadgaon Historic Core into the programme						500

First Phase	Annual				Total Allocation Rs '000	Second Phase						Total Allocation Rs '000
	1972	1973	1974	1975			1976	1977	1978	1979	1980	

## A III. PARALLEL PROGRAMME

1. Agricultural Improvements programme: Promotion of a fruit and vegetable and poultry farm for local tourist plants supply. Selection of appropriate land (c. 2 Hectares), development of 1st stage.		200	150	150	500	Farm expansion (c. 1 Hectare) 2nd stage						200
2. Promotion of handicraft centre at Patan, including production unit, display and sales arrangements	50	100	50		200	Promotion of cottage industry activities in the villages e.g., extension programme, financial incentives, co-operative marketing						500
3. Establishment of the Vocational Training Centre in Kathmandu. Selection of appropriate site (if feasible in conjunction with proposed resort centre), construction and operation.	1,000	1,000	1,000		3,000	Recurring Expenditure						750
Total A	2,735	5,845	7,735	9,485	25,800							20,950

## B POKHARA RESORT REGION

## I. RESORT AREA DEVELOPMENT

1. Pokhara Resort Area: Preparation of land use and urban design concept; Institution of land use and zoning regulations. Land acquisition for resort facilities, provision of water and power supply, public roads, landscaping and environmental control action (reafforestation), site engineering. Promotion of recreational facilities.	500	1,000	1,000	500	3,000	Resort Area development 2nd stage: Extension of roads and utilities, site development, land acquisition, landscaping						2,000
2. Survey of proposed resort sub-centres (Kaski, Begnas Tal) for further identification of lodge and recreational sites, improvement of main trails and camp-sites in the surrounding areas (vide map)		25	25	50	100	Construction of lodging facilities (low comfort standard), provision of recreational facilities, direction markers and trail-side installations						300



First Phase					Second Phase					Total
1972	1973	1974	1975	Annual	1976	1977	1978	1979	1980	Allocation
				Allocation						Rs '000

## B I. Continued

3. Establishment of a mountaineering equipment centre (provision depot) at Pokhara, promotion of shopping facilities				100	100	Continued					100
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## PARALLEL PROGRAMME

1. Pokhara Airport: Estimated additional expenditure required due to cost increase.	4,000	8,000	8,000	20,000 <sup>1</sup>	Continued	Communications: provision of add. 50 telephone lines & tele-printer					10,000 <sup>1</sup>
2. Agricultural Improvements Programme: Establishment of small-scale (1.5 Hectare) vegetable and poultry farm in conjunction with the existing agricultural centre		150	150	300	Farm extension	(.5 Hectares)					150
3. Promotion of cottage industry activities, establishment of handicraft centre.		250	500	750	Continued						500
<b>Total B</b>	500	5,025	9,425	9,200	24,150						13,050

## C NATIONAL PARK DEVELOPMENT PROGRAMME

## I. LANGTANG NATIONAL PARK

1. Implementation of the FAO cum Ministry of Forest project plan. (Investments include HMG contribution to project cost only excluding donor contribution).	1,000	1,000	1,000	900	3,900 <sup>3</sup>	Recurring Expenditure in wildlife conservation and management (HMG contribution only)					750 <sup>3</sup>
2. Construction of terminal lodge in Langtang Valley (cheese factory), medium standard construction. Survey of further lodge and camping sites			25	25	50	Construction of trail-side lodges, provision of adequately maintained camp-sites					150 <sup>3</sup>
3. Reconnaissance survey of the proposed road connection Trisuli Bazar - Syabru, preparatory project work.		50	50	50	150	Construction of gravel pitch road (c. 50 miles)					8,000 <sup>1</sup>
4. Promotion of local (Panchayat level) road construction in the Helambu area		50	100	250	400	Continued					800

First Phase					Second Phase					Total
1972	1973	1974	1975	Annual	1976	1977	1978	1979	1980	Allocation
				Allocation						Rs '000

## C I. Continued

5. Promotion of improved local agricultural production (meat and vegetables) Creation of employment opportunities in forests & wildlife management.		100	150	250	500	Continued					500
6. Improvement in telecommunication services (Dhunge radio station)			15	10	25	Introduction of regular (weekly) scheduled flights to Kathmandu.					750
<b>Total I</b>	1,000	1,200	1,340	1,485	5,025						10,950

## II. CHITAWAN NATIONAL PARK

1. Implementation of FAO cum Ministry of Forest project plan	500	1,000	500		2,000 <sup>3</sup>	Recurring expenditure.					200
2. Extension of existing safari hotel, assistance in water and power supply	50	100	50		200	Provision of water and power, access roads for tourist accommodations in the eastern Park					350
3. Reconnaissance survey of proposed Park extension			100	150	250 <sup>3</sup>	Implementation of Expansion Programme.					2,000
4. Provision of infrastructural facilities in the extended Park			200	300	500	Continued					100
<b>Total II</b>	550	1,100	850	450	2,950						2,650

## III MOUNT EVEREST NATIONAL PARK

1. Preliminary ecological surveys in the Thyangboche and Khumjung area, identification of 1st phase of development		100	100	100	300 <sup>3</sup>	Implementation (1st phase)					3,500 <sup>3</sup>
2. Survey of appropriate lodge sites, construction of terminal lodge (Thyangboche area)			40	80	120	Construction of additional lodges, provision of trail-side installations (route markers, camping grounds etc.)					500
3. Preparation of comprehensive regional development programme for the National Park (2nd and 3rd phase).				500	500 <sup>3</sup>	Implementation of expansion programme					2,000 <sup>3</sup>
4. Agricultural Improvements Programme		200	300		500	Continued					500



First Phase	Annual				Total Allocation Rs '000	Second Phase					Total Allocation Rs '000
	1972	1973	1974	1975		1976	1977	1978	1979	1980	

## C III Continued

5. Establishment of a mountaineering training, service and supply centre at Namche Bazar.			250	500	750 <sup>1</sup>	Continued					1,000 <sup>3</sup>
6. Improvement of HF radio services	10	25			25	Introduction of scheduled S.T.O.L. service Kathmandu-Songboche					750
7. Reconnaissance survey & feasibility study on road connection. (road link from the Metropolitan or Kosi growth axis).				500	500 <sup>1</sup>	preparatory project plan and execution					7,500 <sup>1</sup>
<b>Total III</b>	10	115	590	1,980	2,695						15,750

## IV ANNAPURNA &amp; DHAULAGIRI NATIONAL PARK

1. Preliminary survey of the proposed Park area, identification of 1st phase of development			100	100	200 <sup>3</sup>	Implementation (1st phase)					4,000 <sup>3</sup>
2. Improvement of trail-side installations along the Pokhara - Jomosom route including route markers, camp-sites, lodging facilities (vide location map)	25	25	50		100	Construction of terminal lodge in the Jomosom/Marpha area, provision of additional trail-side lodges.					150
3. Agricultural Improvement Programme, promotion of food supply stations (meat, vegetables)			200	300	500	Continued					500
4. Upgrading of Jomosom airfield to accommodate DC-3 aircrafts	250	500			750 <sup>1</sup>	Introduction of scheduled air service Pokhara-Jomosom (weekly flight)					250
5. Improvement of telecommunication service, provision of additional HF-station			10	20	30	Continued					20
6. Preliminary survey of lift sites proposed in the Ulle-ri area				450	450 <sup>3</sup>	Preparatory project work and training of local construction workers					500 <sup>3</sup>
7. Preparation of National Park development plan (2nd and 3rd phase), preliminary surveys and project plan			200	400	600 <sup>3/2</sup>	Implementation, provision of infrastructural items, catering facilities, trekking installations, Park administration & management.					5,000 <sup>3/2</sup>
<b>Total IV</b>	25	275	1,060	1,270	2,630						10,420

First Phase	Annual				Total Allocation Rs '000	Second Phase					Total Allocation Rs '000
	1972	1973	1974	1975		1976	1977	1978	1979	1980	

## D PILGRIMAGE CENTRES

## I. LUMBINI NATIONAL MONUMENT

1. Initial infrastructural development, e.g., road connection to Bhairava, provision of water and power.	200	500	800	1500	3,000 <sup>3</sup>	Implementation of Lumbini Development Project (HMG contribution)					2,000 <sup>3</sup>
2. Preliminary survey of tourist centre in the Lumbini area, site development, provision of water and power supply, site engineering, development of access roads, landscaping		100	200	100	400	Extension of tourist centre: utilities extension, reafforestation scheme, promotion of recreational facilities					500
3. Archaeological survey and excavation programme			200	250	450 <sup>2</sup>	Continued					150 <sup>2</sup>

## II. MUKTINATH NATIONAL SHRINE

Refurbishing of existing pilgrims quarters, basic preservation and restoration programme			25	75	100	Completion					50
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## III. JANAKPUR NATIONAL SHRINE

Basic renovation of the temple site and adjacent structures, landscaping				100	100	Continued					200
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## IV BHARACHETRA NATIONAL SHRINE

Basic restoration and renovation of the temple site (Varaha Bhagvan), landscaping		20	30		50						
<b>Total D</b>	200	620	1,255	2,025	4,100						2,900

## E COUNTRYSIDE RESORT AREAS

## I. TANSEN

Tourist village development, provision of water supply, (micro-)power plant, public roads, landscaping	50	100	50		200	Extension of utilities, promotion of recreational facilities, site engineering, landscaping.					500
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## II. GORKHA

Initial preservation programme of historic sites and structures, landscaping, access road improvements, promotion of tours and tourist facilities		100	150		250	Development of road-side catering facilities (medium comfort lodges, tea houses)					500
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First Phase	Annual				Total Allocation Rs '000	Second Phase						Total Allocation Rs '000
	1972	1973	1974	1975			1976	1977	1978	1979	1980	

**E III. TRISULI**

Promotion of simple lodges, tea houses and food supply facilities for motor touring tourists		20	30		50	Upgrading of facilities, Provision of catering facilities (lodges, restaurants) for visitors en route to Langtang.						750
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**IV. ILAM**

Refurbishing and upgrading of existing hotels and restaurants, development of recreational facilities, road improvements	15	30	30		75	Construction of medium comfort lodge and refurbishing of guest house.						200
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**V. OTHER AREAS**

State incentives to promote recreational tourism activities in the Bhimpedi, Dhankuta and Ramechhap areas. Initial programme to include detailed surveys			100	150	250	Creation of model resort villages provided with simple lodges, tea houses etc to cater for Indian visitors. Inclusion of Dailekh and Rara Lake into the programme						1,500
<b>Total E</b>	65	250	360	150	825							3,450

**F TOURISM ADMINISTRATION & ORGANIZATION****DEPARTMENT OF TOURISM**

1. Recurring expenditures	300	320	350	500	1,470	Recurring expenditure (expanded "Ministry of Tourism")						2,000
2. Sales Promotion: International publicity programme	1,000	1,200	1,300	1,500	5,000	Continued. Establishment of tourism bureaux in the US and Western Europe.						8,000
3. Information material (route maps, brochures, travel agency manual etc)	100	120	150	180	550	Continued						800
4. Internal Relations (Publicity Programme)		100	200	200	500	Continued						800
5. Joint advertisement programme (Dept. of Tourism, Travel Agency Association & Hotel Association)			500	1,000	1,500	Continued. Expanded concerted promotional activities						5,000
<b>Total F</b>	1,400	1,740	2,500	3,380	9,020							16,300
<b>Grand Total A - F</b>	6,485	16,170	25,115	29,365	77,175							96,420

NOTE Investment and Expenditure allocations relate to current (1972) prices.  
Exchange value to the US \$: N. Rs. 10, 2

<sup>1</sup> to be financed through international loans.  
<sup>2</sup> to be financed through international aid programmes.

<sup>3</sup> estimated HMG contribution to the project in the form of public works (infrastructure), project to be financed chiefly through international donor contributions.

**4.9 INCOME FROM TOURISM****4.9.1 Preface**

In Section 3.1, The Economic Importance of Tourism, we have set forth the criteria involved in determining the income of Nepal through tourism by discussing the multiplier effect of tourist spendings.

Unfortunately, the multiplier cannot be calculated for, as in any other country, the empirical data are not available. The example shown above reveals however that amongst other factors the import quotient is a crucial factor that tends to reduce the effect; this is the portion of tourist spendings required for importing goods and services for the development and operation of the tourist plant. Thus the value of the multiplier may be greatly raised by cutting down import dependencies whereas if imports continue to rise the potential income from tourism would sharply diminish.

The preceeding analysis suggests that three policy measures must be employed to raise tendentially the potential income in tourism; first, the reduction of the import coefficient of tourist spendings through increased utilization of local resources and supply; secondly, strict control of foreign exchange is needed to reduce uncontrolled leakages; thirdly, the promotion of the propensity to save in order to improve the foreign exchange balance, and to obtain stable prices.

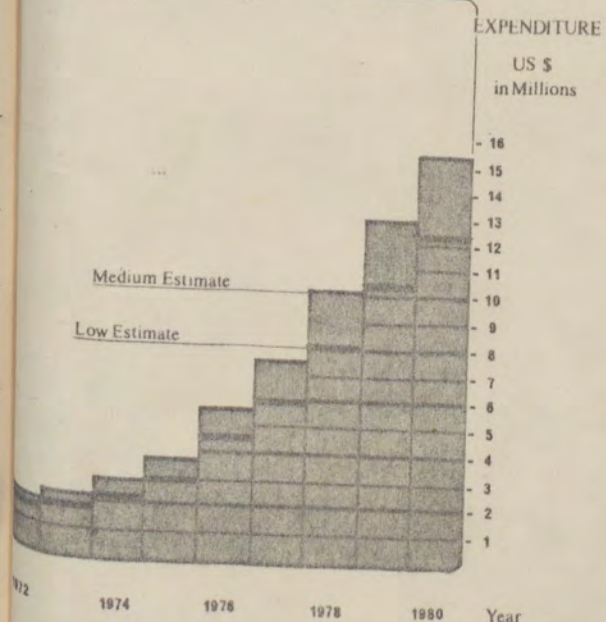
Since these measures not only help to raise foreign exchange earnings but would also create direct internal economic benefits the policy proposals set forth in the present Plan are strongly focused on achieving the latter objective.

Following is an attempt to estimate the foreign exchange earnings from tourism.

**4.9.2 Tourist Expenditures**

In order to assess the magnitude of direct foreign exchange generated by tourism we have made projections of potential tourist expenditures on the basis of the projected tourist (visitor) days in the preceeding sections.

We have mentioned in the foregoing that the present

**PROJECTED TOURIST EXPENDITURES in US Dollars 1972-80**



data on both the visitor expenditures and the total foreign exchange earnings recorded in the Ministry of Finance are not very reliable, and that considerable uncontrolled foreign exchange outflows are in evidence.

The present average daily expenditures of visitors for accommodation, transportation, food and purchases in Nepal so recorded are \$8.5 which is extremely low when compared with neighbouring countries where tourist spendings are generally above 25 dollars.

Nevertheless this figure has been used in the foregoing projection assuming that it will increase at an annual rate of 5% in the future. On the basis of this assumption, the average daily expenditure will be 9.83 dollars in 1975 and 12.53 dollars in 1980. This would yield a total of U.S. \$3.1 millions in 1975 and \$12.5 millions in 1980, which is an extremely low projection.

Another estimate has been made on the basis of a current expenditure of \$10 per visitor and day, again, assuming a 5% increase through 1980, the daily average expenditure will be \$12.13 in 1975 and \$15.48 in 1980 which is still a very conservative estimate.

Both estimates are shown in the accompanying graph, the low estimate is on the basis of \$8.5 in 1972 and the medium estimate on \$10 per visitor day, assuming a 5% annual increase in both.

Using the medium estimate an accumulative total expenditure of U.S. \$11.47 millions will accrue in the first phase, and \$52.49 millions in the second phase, \$63.96 million will have developed at the end of the plan period.

#### 4.9.3 Import Requirements in the Tourism Industry

include mainly imports needed for the development of the plant, for the operation of the hotels e.g. imported food and beverage, and also for transportation equipment such as buses and cars.

Under present conditions import leakages in the hotel trade involve about 35% of the building and furnishing costs, 50% of the food and drinks, and 100% for im-

porting transportation facilities.

#### Capital Requirements for Plant Development

Approximately 35% of the capital costs required for the expansion of the hotel plants will involve imported materials and services. As calculated elsewhere in this Section this will bring a foreign exchange component of U.S. \$2.13 millions in the first phase and \$2.43 millions in the second phase for the construction and furnishing of the hotels proposed.

#### Imports for Hotel Operations

include needed imports for food, beverages and other consumption items in the hotels. The foreign exchange component for these is 50% at present. On the assumption, that each available room requires costs of goods amounting to U.S. \$1 000 annually, some \$500 will be needed in foreign currency per room and year of operation.

This will bring a total component of U.S. \$1.19 millions in the first phase, and \$2.74 millions in the second phase based on the available rooms in each year in all classified hotels both existing and proposed.

#### Transportation Equipment

is required to operate the proposed tours as also to provide transportation for the increased number of tourists. Costs for transportation facilities are entirely in foreign exchange. Assuming that two buses and four cars will be needed by 1975 and the same equipment will be added in the second phase, a total of \$70,000 will be required in each phase including 10% for spare parts.

Both the imports for hotel operation and transportation equipment are referred to as tourist industry import leakages. These will involve a total of \$1.26 millions through 1975 and \$2.81 millions through 1980.

#### 4.9.4 Foreign Exchange Balance of Tourism

In addition to the private sector requirements in foreign exchange, the Public Expenditure Programme



set forth in the preceeding Section also requires imported materials and services mainly in fields of infrastructure and sales promotion. Since the present Programme is based on the premises that infrastructural items must also be of benefit to other sectors of the economy, these are excluded from the foreign exchange balance of the tourism sector.

Sales promotion and marketing activities depend on imports chiefly in the printing of brochures and other information material; secondly the establishment and operation of the proposed tourism bureaux abroad will require foreign exchange.

It is estimated that the sales promotion budget set forth in the Public Expenditure Programme (Item F 2) will involve a foreign exchange component of 30%. This will bring a total of U. S. \$ 0.15 millions in phase I and \$0.24 millions in the second phase, or an accumulated 1980 total of \$0.39 millions.

The resultant foreign exchange gain from tourism as calculated in the table below shows a total excess of U. S. \$ 7.93 millions at the end of the first phase, and a total of \$54.87 millions will have accumulated by 1980. This excess will be available for needed imports in other sectors of the economy.

It is emphasized again that this estimate as all underlying projections represent indeed very conservative and rather careful estimates. Still there are many uncertainties at this time which suggest that projections should be treated with all reserves. It follows from this that in future increased efforts must be made to improve and refine data in all fields in order to provide planners with more accurate and current information upon which better planning decisions can be based.

FOREIGN EXCHANGE BALANCE IN TOURISM

in '000 US Dollars

	Gross Income from Tourist Expenditures	Tourist Industry Import Leakages	Net Foreign Exchange	Capital Requirements	Sales Promotion	Accumulated Foreign Exchange Gain
Phase I, 1972-75	\$ 11,470	\$ 1,260	\$ 10,210	\$ 2,130	\$ 0.150	\$ 7,930
Phase II 1976-80	52,490	2,815	49,675	2,430	0.240	46,947
Accumulated 1972-80	63,960	4,075	59,885	4,560	0.390	54,877

## APPENDICES



## I.

## TOURISM IN INDIA AND PAKISTAN

The following is a brief survey of international tourism in India and Pakistan. It attempts to provide for information on tourism development in Nepal's neighbouring countries, including

- a survey of the tourism potential in India and Pakistan, the type of present and potential visitor attraction,
- the state of development of the tourist industries, and the quantitative and qualitative pattern, as well as the touristic infrastructure available
- the present tourism development planning in the two countries and the type of authorities involved
- finally, the survey examines the possibilities for increased co-operation between the two countries and Nepal in promoting tourism in Nepal.

Naturally, the prospects for co-operation between Nepal and India are very small because of the strong dependencies which exist today and which Nepal must reduce in future. Moreover political development in the subcontinent in 1971 has further narrowed the basis for bilateral or multilateral co-operation in tourism and there is little reason today to foresee a more favourable political climate in the near future.

But in spite of this, Nepal must continuously observe the regional tourist market in order to improve her competitive situation. It is therefore of importance for Nepal to know into which direction tourism is likely to develop in her neighbouring countries. The following analysis is based on information collected during Summer 1971.

India's Tourism Potential

With her unusual variety of cultural monuments India possesses a rich spectrum of visitor attractions. In addition there are various mid and high altitude regions suitable for recreation, and along the coastline possibilities for sea-side recreation are in evidence.

The cultural attractions consist both of religious as also of secular monuments. Amongst these there are



numerous large Hindu, Islamic and Buddhist temples as well as sumptuous and well preserved palaces and fortifications particularly from the time of the Moguls. Mention will be made here of but a few examples representative of the abundance of unique cultural monuments in India:

- the Hindu temples in the town of Benares (Varanasi) alongside the holy river Ganges
- the palaces and fortifications (Red Forts) in the towns of Delhi and Agra from the Mogul epoch
- luxurious marble mausoleums e.g. the Taj Mahal in Agra to the south of Delhi,
- the temple sites from the Chandella period near Khajurao,
- the magnificent buildings in the large towns of Jaipur and Udaipur in the federal state of Rajasthan.

The extremely hot and at times very damp climate on the Indian plain is a considerable obstacle internationally to the touristic exploitation of these cultural centres of attraction.

On the other hand the touristic starting position in northern border regions is all the more favourable with their mid and high altitude zones which acquire an important compensatory and complementary role in the Indian provision for tourists. The following regions are the ones which are principally concerned:

- North-east India: Sikkim and Darjeeling lying to the south of it (2,133 metres above sea level) in the federal state of West Bengal. Journeys to this region are subject to special administrative approval procedures
- the regions of the federal state of Uttar Pradesh with their summer resorts (Mussoorie) adjacent to the Chinese border,
- the southern slopes of the Himalaya Range in the federal state of Himachal Pradesh with their newly established holiday centres Simla, Kulu and Manali (Simla 2,200 m)
- the highlands of Jammu and Kashmir with their tourist centre Srinagar (1,700 m).

Together with its wealth of cultural attractions and the favourable climate of its mountain scenery, India has with her long sea shores excellent possibilities for seaside tourism of the kind prevalent amongst other things in Ceylon. The coastal stretches of the south-Indian federal state of Kerala (Cape Comorin to Ernakulam) and Goa would be the first to be considered.

Finally there are in India too Asian varieties of big game in open game reserves (tiger, rhino, lions etc.) creating the prerequisites for safaris which play an important role in international long distance tourism. The protected areas of Kaziranga (Assam), Corbett (Uttar Pradesh) and Gir (Gujarat) deserve mention here as examples of game reserves already set up.

#### State Development of the Indian Tourist Industry

The official Indian tourist statistics in the year 1960 show a figure of 123,000 foreign tourists. Ten years later, in 1970, there were 280,000 or 128 % more.

Overall in the decade under consideration the increase was not uniform. Political conflicts particularly, like that of the Indo-Pakistan War in 1965, interrupted the upward trend. It is to be expected that the conflict about East Bengal (Bangla Desh) in 1971 too and particularly the new war between India and Pakistan in December 1971 will bring the expansion of the years 1966 to 1970 once more to a halt.

The number of tourists visiting India in 1970 was with its 280,000 visitors about six times higher than that of Nepal in the same year (46,000 visitors)

The composition of the number of visitors shows a high proportion of U.S. Americans (20-25%). In second place come the travellers from Great Britain, their share in the period under consideration 1960-70 always moving around the 15% mark with slight deviations. Equally in third place since 1970 are France and the F.R. of Germany each having a 6% share or in other words 16,800 tourists. If the E.E.C. countries are pooled it turns out that their share of the total number from 1962 (8.8%) to 1970 (15.9%) has almost doubled. Overall the countries of Western Europe account for 40-45% of the numbers of tourists proceeding to India.

It is true that the percentage shares of the individual countries of origin differ slightly between India and Nepal. However, the most important countries of origin take the same order e.g. the United States followed by the United Kingdom, France and the F.R. of Germany.

In the order of importance of entry points New Delhi

heads Bombay and Calcutta. The majority of tourists to India arrive by air (80%) the remainder roughly equally divided between sea and land.

The main purpose of tourists' journeys to India up to the present is sightseeing as in Nepal. Safari tourism has so far not been able to achieve any importance of note, one of the reasons being that India's game reserves are not yet accessible to the extent that they could compete with comparable attractions in other continents (above all in Africa). Up to the present seaside tourism has not played a significant role in the influx of foreign visitors. There is a lack of holiday resorts sufficiently improved as to be able to offer a competitive infrastructure (hotels, entertainment etc.)

Viewed as a whole international tourism in India at present appears as an extraordinarily active adventure tourism of a transit nature. The tour programmes of the large foreign operators from the industrial countries in the West consist almost exclusively of sightseeing tours which offer either all the best that India has to offer or a regional slice. Official statistics show an average length of stay for foreign visitors of 20 days (1968). For visits whose motivation is solely touristic this return will probably be too high. It is probably very much influenced by the long stays of visitors from Asian and East African countries (Indian exiles) with whom it is frequently a case of visiting their families.

In addition to international sightseeing tourism domestic tourism plays an important role in India's travel industry. However statistical returns on this could not be ascertained. These are probably holiday travel both with sightseeing and also with permanent stays in the appropriate holiday resort. For this, particularly in the hot season, the primary and secondary mountain regions of North-east and North-west India with their favourable climate are important travel destinations.

Only a very small element of the Indian population is in a position in terms of purchasing power, income or special state or private concessions to contribute to the domestic tourism market. However, it must not be overlooked that in the case of India even a share

of 1/10 per cent, when expressed in concrete terms conceals six to seven figure numbers (1% of the population is equal to a demand of 5.5 million consumers). Information from Indian tour operators in New Delhi indicates that because of the country's shortage of foreign exchange Indians are only entitled to hard currency every 3 years for the purpose of travelling abroad. Abroad in this sense is, to be sure, not the Kingdom of Nepal: Indian and Nepalese rupees are freely convertible with one another. This means that there are basically no foreign exchange difficulties for tourists to Nepal on holiday.

The following aspects could be considered as essential features of the situation in India's tourism sector.

The country has a comparatively well developed general transport infrastructure. A dense internal road, rail and air network used extensively makes almost all relevant tourist attractions accessible. (In this respect the conditions in Nepal are more or less reversed). Traffic problems are first and foremost attributed to shortcomings and weaknesses in organization, administration and implementation on the part of the Indian institutions responsible, where the causes are often to be found in a lack of training of staff.

The conditions in the sphere of communications, so very important for tourism (telephone, telegraph, telex etc.), are similar to those in the sphere of traffic.

The extremes of climate on the Indian sub-continent have turned out to be a big setback for the development of Indian tourism. Almost all regions, in which the main attractions for the foreign visitors lie, are concerned. The only exception to this are the border regions in the mountain regions less interesting from a cultural point of view. The high temperatures which prevail at certain times in the year, together with great humidity, must have visibly put the brake on an upward trend in incoming tourism hitherto, together with other factors.

India has a tourist trade which can look back on a relatively long tradition. However the Indian tourist industry of the hotel and travel agency branch do not yet seem to have sufficiently completed the process



of adaptation to the demands of the modern tourist industry: there is still a preponderance of tourist arrangements which have outlasted the outdated, exclusive luxury tourism of the past and no longer do meet to the needs of modern world tourism. In this connection the rising proportion of European tourists to American visitors must once more be referred to. This is clearly reflected in the statistics of the past decade 1960-1970.

In India the hotel trade has had considerably more time to train qualified staff for the various branches of activity in its businesses than was the case in Nepal where the "Age of Tourism" only began a bare 15 years ago. However, there exists in India too a noticeable lack of well-trained staff for tourist services although the state and the private hotel trade have in recent years by the founding of hotel and catering schools created the prerequisites to remedy step by step the deficiency in this sphere.

On the other hand it can be stated that Indian labour forms a relatively large proportion of the employees in the Nepalese hotel and travel agency branch. Here it is predominantly a case of advanced "know how" requirements (management, administration, organization, etc.)

In this way Indian and Nepalese tourist concerns have already in practice been working together for some time in the sphere of training and employment and indeed without planning or guidance from a higher authority. In the future in the sector Training of Specialist Staff for Tourist Concerns possibilities for greater co-ordination and more systematic co-operation could arise e.g. in the form of scholarships for Nepalese to attend courses of training at Indian hotel and catering schools or in the form of seminars. On the occasion of the enquiries Indian hotel concerns underlined surprisingly strongly one aspect, concerning demand, of the present situation of tourism. According to their experiences the American tourists are supposed to overreact to external political fringe conditions in this area. And thus differences in Indian and American foreign policy particularly those with regard to questions which concern Asia have had a significantly negative effect on the inclination of the Am-

erican enquirers for journeys to India. Private planning in the hotel sector as well as business connections between Indian suppliers and American organizers are said as a result to have become increasingly insecure and disturbed.

Should this assessment prove correct a further unfavourable effect on India's incoming tourists after the political disturbances in the year 1971 would have to be expected. For Nepal too this would amount to a decrease in the number of visitors since tourism in the country of the Himalayas is dependent upon developments in India to an extraordinary degree because of Nepal's international position with regard to the air routes in South Asia.

#### Tourism Development Planning in India

In India an extraordinarily large number of state institutions deal with the promotion of the tourism industry. The fact, particularly, that almost every Indian federal state has created its public institution for the development of tourism, led to a scarcely surveyable structure in the organizational sphere of tourist promotion. At federal level there is a Ministry for Tourism and Civil Aviation. In this the main pillar of tourism policy is a Department for Tourism which is broken down into numerous sub-divisions with an unusually large number of staff. It is substantially responsible for decisions of principle in as well as for the administration of the tourism sector.

The basis of the state Indian tourism policy is the principle of subsidiarity: only where private initiative is not prepared to implement necessary individual projects for the establishment of tourism facilities does the state assist. For this purpose a state corporation for the promotion of tourism in India, the India Tourism Development Corporation (ITDC) was founded and placed under the supervision of the Ministry.

At the time of the investigations this corporation was about to prepare a catalogue of individual measures for the tourism sector within the framework of the overall economic 5 year plan. Ideas on the contents of this programming however were only in their initial stages. Fully developed plans did not exist. As

far as could be ascertained the ITDC in collaboration with the Ministry responsible for tourism development intends to carry out the following projects:

- market research, particularly analysis of the demand of European and American tourists for India as a tourist attraction,
- extension of the hotel infrastructure in Kashmir in connection with the establishment of a state Institute for skiing and Alpinism for the training of skiing instructors and mountain guides (site preferred is Gulmarg at a height of 2,700 metres, about 75 km from Srinagar),
- development of a large beach hotel complex in South-west India on the Kerala coast and/or in Goa,
- reorganization of state training for the hotel trade by "on the job training" in a state hotel in New Delhi.

The efficiency of tourism promotion in India is greatly reduced by administrative slackness, lack of expertise on the part of some of the staff, a lack of co-ordination and particularly by the dispersal of the departments responsible (Federal level, individual state level, regional and municipal levels).

For about 2 years India has been receiving support from foreign institutions for the promotion of its tourism economy. The development programme of the UNO (UNDP) took part in the market research referred to and the ILO is contributing towards the erection of the above mentioned hotel training centre in New Delhi. In addition since 1971 a fairly large group of experts within the framework of German Technical Assistance has been working both within the Ministry of Tourism in New Delhi and also in the ITDC and in hotel management or training. Their function as consultants is to submit the whole position of tourism in India to a thorough examination and to help plan, prepare and carry out the measures required for improvement.

#### Possibilities of closer Indo-Nepalese Co-operation in Tourism

The tourism sector for India's economy as a whole is much less important than is the case in the Kingdom of Nepal. This could explain the relative lack of interest shown by India in greater bilateral co-operation with Nepal in the development of tourism.

In principle genuine co-operation could only be successful if both sides are convinced of a concrete advantage. The dependence of Nepal's tourism on India has so far scarcely diminished: a substantial number of visitors include Nepal-Tours in their itineraries as being complementary to Indian Tours. Nepal's main approach path is still the air route which passes over New Delhi; goods from overseas have to be taken through India. Because of these dependencies the uncertain political future on the sub-continent does not admit of a secure development free of such external influences in the foreseeable future.

It is clear that Nepal must seek ways and means to lessen outside influences of this kind. First and foremost is the availability of autonomous air links to Nepal. Secondly, as far as tourism is concerned, Nepal must develop her own distinctive image and identity as a tourist destination. Much of this is currently linked with the image of India.

With Nepal attempting more independence in tourism - and this means under present conditions independence from India - one may conclude that this situation is hardly suited for a co-operative climate in India, because India might find it difficult to realize now that this outlook is also of benefit to her touristic future.

The two countries, for whom tourism first and foremost is a means of acquiring foreign exchange, are economically speaking competing suppliers. On the whole a picture is thus offered in which the starting points for close co-operation are limited to one or two minor spheres whilst the majority of the factors taken into consideration advocate a limitation of the strategies of tourism development. One such starting point could be the already mentioned sphere of practical training for tourist service staff, although conflicts could arise here too - as growing supply of qualified, indigenous labour would worsen the chances of employment for Indians in Nepalese tourism concerns.

A further chance of co-operation concerns the activation of the South Asian Travel Commission (SATC), the regional sub-organization of the World Tourism



Organization of UNO. Members of this organization are, in addition to India, Pakistan and Nepal, Mongolia, Iran, Afghanistan and Ceylon. After the Indian-Pakistani conflict about Bangla Desh however SATC's ability to function can in the immediate future be expected to be somewhat impaired. More frequent informatory meetings for a better exchange of practical knowledge, a bringing into line of administrative travel formalities for the visitors of the SATC countries and an exchange of tourist officials and others engaged in tourist activities for training purposes would be possible starting points for more intensive SATC co-operation. It is true that there have already been several efforts in this direction in the past, however, on account of external factors they have mostly never come to fruition.

#### Pakistan's Tourism Potential

Pakistan's touristic potential is, with a few exceptions, comparable to that of India. The main attractions are the historic cultural monuments from the great epochs of Indian history, above all large temples and palaces from the time of the Mogul emperors. They are mainly in and around Lahore, capital of the province Punjab. One special attraction not to be found in India can be offered by Pakistan in the buildings from the pre-Christian Gandhara epoch near the town of Taxila in northern Pakistan. In addition to these attractions suitable to the more culturally-minded tourists impressive, attractive landscapes are repeated here in Pakistan as in India. They are situated exclusively in the extreme north of the country, on the southern slopes of the Himalayas or rather the Karakorum and Pamir chain. The mountain regions and high valleys of Chitral, Kagan, Swat and Hunza, which belong partly to Pakistani Kashmir, may be mentioned as a few examples of these.

Pakistan's coasts on the Indian Ocean (Arabian Sea) too exhibit in part long stretches of sandy beach which provide the natural prerequisites for sea-side tourism.

On the whole therefore Pakistan is endowed with tourist attractions which differ very little from those of India. Climatic conditions too are comparable to those of India, that is to say extremely high temperatures in

the warm season except in the higher northern regions and on the southern coast (Karachi). Only in one respect does a clear distinction have to be made between the two countries: India's tourism potential is clearly superior to that of its western neighbour both in the number and the variety of its attractions. This could be attributable to the fact that present day Pakistan was substantially in the past the invaders' gateway to the sub-continent and played only a peripheral role within Indian history. From the point of view of international tourism Pakistan is in terms of competition clearly at a disadvantage to India.

#### Status of Tourist Industry in Pakistan

Pakistan recorded in 1961 a total of 33,500 foreign visitors. In 1970 its total number had risen to 122,100 an increase of 264%. With the exception of 1962 and 1965 (political tension on the sub-continent) steady rates of increase occurred. It must be considered extremely likely that the events concerning Bangla Desh in 1971 have had an extraordinarily negative effect upon the development of tourism in Pakistan.

If the purely quantitative positive development of incoming tourist traffic in all three countries (India, Pakistan and Nepal) in the sixties is compared, the greatest rates of growth, however, occurred in the Kingdom of Nepal: whilst India recorded a growth of 128% and Pakistan one of 264% Nepal was able to register one of over 600%.

Most visitors to Pakistan in the sixties came from the United Kingdom. However, their relative share of the total number of tourists has greatly decreased. (1966: still 30%, 1970 only 19%). In the second place are the U.S. Americans whose share has likewise fallen, even if not as markedly (1966: 22%, 1970: 17%). They are followed some distance behind by the F.R. of Germany (1970: 8.5%) and France (5.4%).

Overall roughly the same trend in the composition of the numbers of visitors according to countries of origin is shown in Pakistan as in India and also in Nepal. At the head are the two great anglo-saxon countries,

the U.S.A. and the United Kingdom whose importance however, on account of the larger increase rates of the countries of Western Europe, (particularly the E.C. countries) has constantly declined in the course of the past ten years whilst that of the other industrial countries in the West has gradually risen.

In contrast with India and Nepal incoming, overland tourism plays for Pakistan an important role which has even increased in importance in recent years (proportion of overland tourists in 1970: 41%, air passengers 56%, boat passengers 3%).

Tourist travel to Pakistan has hitherto come predominantly under the heading of long distance tours which covered several countries in the Middle East and in South Asia. To this extent there exists a certain similarity between the position of Pakistan as a tourist attraction and that of the Kingdom of Nepal. Neither of them has up until now belonged to the areas of touristic appeal which by virtue of the quality and quantity of the available provision can support an independent programme of travel. Pakistan's position is in addition weakened even more by the fact that almost all its attractions can be supplied by India not only to a comparable extent but with more abundance and variety by far.

Hitherto the country's tourist industry was concentrated almost exclusively in the two largest towns in the country, Karachi and Lahore. With the transference of the centre of Government and administration to the Islamabad-Rawalpindi area a hotel infrastructure arose there too, which, it is true, was limited to the building of some few luxury hotels, just as in the two other towns. The general road and communications infrastructure between these three places is up to modern standards.

In the northern mountain regions accommodation facilities have been developed in the past. However, the general state of development is not yet as far advanced as in the neighbouring holiday centres of India (Srinagar or Simla).

One of the greatest problems in the touristic infrastructure in Pakistan is the great lack of qualified staff.

#### Tourism Development Planning in Pakistan

Unlike the set up in India Pakistan's tourism organization is rigidly centralized in an office responsible for the development of tourism ("Tourism Cell") in the aviation division of the Ministry of Defence. It is a fragmentary agency which has taken over the function of the national planning of tourism from the former Department of Tourism which was dissolved in 1970. In the same year the functions formerly carried out by this Department were transferred to the newly founded Pakistan Tourism Development Corporation (PTDC) which is under state supervision.

PTDC has been working since that time in publicity and information at home and abroad. The Corporation maintains branch offices in all parts of the country, it has taken over the management of a number of hotel undertakings formerly under the immediate control of the state. For the purpose of carrying out sightseeing tours within Pakistan the PTDC has founded a subsidiary company, Pakistan Tours Limited, which like PTDC controls a network of agencies throughout the country from its headquarters in Karachi.

One of PTDC's measures for the promotion of tourism was the recent introduction of special exchange rates for travellers visiting Pakistan as tourists.

In addition PTDC represents Pakistan in various international institutions of tourism as for example in the SATC, in the committee of regional alliance, Regional Co-operation for Development (RCD) in which Turkey, Iran and Pakistan are striving for co-ordination of development programmes in the individual sectors of the economy, or at the conferences of IUOTO or ASTA.

Finally, together with other state corporations, PTDC started a Facilitation Committee in 1971 which is striving for the simplification of travel formalities and stipulations for visitors to the country and for the abolition of outdated regulations.

In addition to carrying out the programmes mentioned the PTDC is planning for the immediate future a whole list of tourism development projects which concern, above all, the expansion of the hotel infrastructure in Pakistan. On the list of the hotel projects to receive



preferential treatment are:

- a large beach hotel near Karachi on the Indian Ocean with all the internationally usual peripheral additional facilities such as a golf course, swimming pool, recreation grounds etc.
- improvement of the present inadequate provision of the northern mountains with accommodations and recreational facilities by the building of hotels, restaurants and motels in Gilgit (Hunza Valley), in the Valley of Kagan and of Swat, in Abotabad and in Mangla on the upper Jhelum River;
- setting up camping sites equipped with all modern conveniences in the larger towns in the north. (Peshawar, Rawalpindi, Gilgit, Lahore and Quetta)

At the same time it must be taken into account that the remaining projects and plans of the Pakistani tourism development authority are at least very much endangered as a result of the events concerning Bangla Desh. Even a complete paralysis of touristic activities in Pakistan, as a result of the economic effects of the state crisis, cannot be completely ruled out in the very near future.

#### Possibilities of closer Pakistani-Nepalese Co-operation in the Tourism Sector

The reactions of the political crisis of Pakistan in 1971 and the breakaway of East Pakistan and founding of Bangla Desh give reason to expect at least a temporary interruption of tourism development in West Pakistan as well as a suspension of the planned Pakistani tourism development measures. Therefore it can be supposed that Pakistan could not be considered in the near future as a partner of Nepal for increased co-operation in the tourism sector.

On the other hand after the loss of its eastern wing with its extraordinarily important export-orientated agriculture (Jute) the question of foreign exchange earnings is more acute than ever for without these economic development will not be possible. In this connection it is quite on the cards that intensified efforts will be made in the tourism industry for the sake of the foreign exchange, even if the general competitive position of the country is relatively weak in international tourism on account of some already mentioned disadvantages when faced by other suppliers in South and South-East Asia.

No firm statement can however be made today about the nature of a reactivation of Pakistan's tourist trade particularly about the possibilities of closer co-operation with other tourist countries in the sub-continent.

## II FIELD SURVEY TRIPS

Field surveys formed the basis for evaluating and reviewing tourist attractions, touristic infrastructure and facilities in most areas of Nepal which are today touristic areas or which have potentials to develop into such in the future. Areas and routes covered during field trips in April/May and October/December of 1971 are indicated in the following map.

The study team and the staff of the Department of Tourism made use of almost any type of transport, including S.T.O.L. aircrafts, Helicopters, R.N.A.C. aircrafts and various ground transport facilities. All team members have seen the principal areas in Central Nepal, including the Kathmandu Valley, Pokhara, Lumbini, Chitawan and the Himalayan regions, outlying areas were surveyed by Helicopter by overflying them at low altitude.

The eastern and western Midlands were covered by aerial survey and potential places such as Rara Lake, Jumla, and Ilam were visited. Members of the team and their counterparts have hiked along the trekking routes to Jomosom/Mukthinath and to Langtang in order to obtain detailed on-the-spot information about the economic situation and trekking conditions in the mountain regions.

Much of the field investigation was made possible through the ready co-operation of the Royal Flight Command, the R.N.A.C. and United Nations which provided transport facilities. The study team and the staff of the Department of Tourism are greatly indebted to extend thanks to these agencies for their helpful assistance.





# FIELD SURVEY ROUTE MAP

AERIAL SURVEYS BY  
HELICOPTER, S.T.O.L.,  
R.N.A.C.



GROUND SURVEYS BY  
JEEP, ELEPHANT HORSE,  
FOOT